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Seven Countries Launch Joint Antidrug Operation

PY1411175094 Buenos Aires TELAM in Spanish 2025 GMT 10 Nov 94

[FBIS Translated Text] La Paz, 10 Nov (TELAM-SNI)—Official sources reported today that seven Latin American countries will conduct an important border control operation this week to combat the smuggling to Bolivia of the chemical precursors used to produce cocaine.

A Bolivian Ministry of Government official told the REUTER News Agency that Operation "Border Crunch" is "fully under way." The source confirmed that special police personnel from Argentina, Brazil, Bolivia, Chile, Paraguay, Peru and Uruguay are also participating.

The sources, who refused to be identified "in order not to hinder the objectives" of the mission, said: "This is the largest operation ever conducted."

In addition to this operation, the Bolivian Special Antinarcotics Force (FELCN) reported today on the smuggling of cocaine paste precursors from Argentina, Brazil, and Chile.

During a news conference, Social Defense Secretary Mario Soliz said these products arrive in Bolivia from legally established companies in bordering countries.

He explained that chemicals like acetone, ether, sulfuric acid, and hydrochloride acid, which are manufactured in these three countries, are used in the first three stages of the cocaine manufacturing process.

Cocaine paste is being stored in 10,000 coca maceration bags [bolsas de maceracion de coca] that "drug traffickers" are hoarding in El Chapare and other areas in the departments of La Paz, Beni, and Santa Cruz.

Soliz explained that from these regions, where the drug is processed, "drug trafficking organizations export huge amounts of cocaine paste which is later converted into cocaine hydrochloride in Colombia."

He added that from there the pure cocaine is exported to the United States, Europe and Asia.

Referring to the suppliers of precursors in Argentina, Soliz said traders involved in this illegal operation transport the precursors in small containers to the border town of Pocitos (Argentina) where it is sold to Bolivian producers.

Bolivians have a vast experience in smuggling these products. They take the precursors across the Argentine border to Yacuiba (Bolivia) without being detected by the police.

The FELCN has established that in Yacuiba chemical precursors are disguised in food containers or other products. They are later transferred to the trucks that go to Santa Cruz and Cochabamba.

Soliz added chemical precursors arrive at the Brazilian border towns of Corumba and Santa Cruz in a similar fashion as that used by the Argentine connection.

The precursors introduced from Chile enter Bolivia through the port of Arica where there is a railroad line to Oruro (Bolivia), and other numerous routes that are very difficult to control.

The precursors are then stored in the El Chapare region where they arrive aboard cargo trucks, buses, and even on the backs of animals that use trails, paths, and secondary roads.

Soliz stated that although Operation "Border Crunch" seeks to repress the smuggling of chemical precursors, its ultimate objective is to "strangle and annihilate drug trafficking."

International Police Symposium Ends in Cordoba

PY1511212494 Buenos Aires TELAM in Spanish 1259 GMT 12 Nov 94

[FBIS Translated Text] Cordoba, 12 Nov (TELAM)—An "Operational Information Meeting" involving police organizations was held here with the participation of representatives from Paraguay, Uruguay, Brazil, and seven Argentine provinces.

The representatives met with the goal of sharing information, tactics, and systems for the struggle against drug trafficking and money laundering.

Newton Mueller, Civil Police chief of the Brazilian State of Rio Grande do Sul; Santiago Flores Torres, director of the Paraguayan National Police Fourth Zone; and Setembrino Lamela, director of the National Police School of Uruguay, participated in the symposium.

High-ranking police officers from the Santa Fe, Chaco, Entre Rios, Corrientes, Misiones, Formosa, and Salta police were also present.

After reviewing their conclusions, the representatives drew up a report with the goal of implementing new and more effective methods to struggle against the social scourge of drug trafficking.

The representatives also met Chief Superintendent Carlos Ghigi, the Cordoba police chief, with whom they exchanged information and opinions on the issues discussed during the symposium.

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Cuba

Industrial, Craft Markets Given Trial Run

PA1411204694 Havana PRENSA LATINA in Spanish 1921 GMT 12 Nov 94

[FBIS Translated Text] Havana, 13 Nov [date as received] (PL)—The stimulus for production and the quality of products of popular demand are presented as the objective and, at the same time, as the most immediate effect of the Cuban markets or fairs that are devoted to the selling of industrial, handicraft, agricultural, and livestock products.

Such was the irrefutable conclusion for several thousands of Havana residents who went Saturday and Sunday [12-13 November] to what the authorities called a test run of the industrial and handicraft markets that are expected to come about all over the country starting 1 December.

"Commerce is a source of revenue and, hence, development," "which is what we needed." "The country is going to generate wealth now, and the people will resolve many needs," commented passersby who observed with curiosity a varied sample of products.

The scene, which for a Mexican woman brought to mind the traditional market plaza and the central markets of Villa de Cura to a Venezuelan visitor, was something very novel to most of the people present, unaccustomed as they are to handling a transaction ruled by the dynamics of supply and demand.

In an unusual occurrence here, Paseo del Prado Avenue was virtually closed to regular traffic and became, at least on that occasion, Cuba's greatest commercial artery where products as dissimilar as potholders, furniture, crystal, and food were available.

Several local industries, which put the stress on selling products, Construction Ministry enterprises, and commerce, food, service, light industry, polygraphy, and tourist organizations participated along with individuals authorized to retail products and local fare.

Besides the food, customers enjoyed artistic and cultural shows and sports and recreational activities, among multiple surprises.

Carlos Lage, secretary of the Cuban Executive Committee of the Council of Ministers, recently defined the latest measure, which adds to the similar method of selling farm products that began in October, as one more step in boosting domestic finances, given it would constitute an incentive to work.

"This solution is not the definite one. Our essential problems are not commerce but the shortage of material and financial resources, Lage warned in reference to the expectations generated in certain circles by the industrial and handicraft market. [no closing quotation mark as received]

Many of the people in attendance at the gigantic bazaar on Prado Street in the border between the municipalities of Old Havana and central Havana, did not feel this experience was a cure-all for the country's current economic ills.

Judging by their expressions, they viewed the measure as a good palliative not just to satisfy demand but also to impose new ways of thinking regarding the administration and perception of selling and buying, as well as the necessary procedures and flexibility in the modes of selling products.

This test run is announced to be repeated next weekend and promises to offer sufficient explanatory elements so that the market will start functioning regularly on 1 December in squares, streets, and stores all over the island and without greater obstacles.

Measures To Increase Sugar Production Reviewed

PA1511153094 Havana Radio Havana Cuba in Spanish 0000 GMT 15 Nov 94

[Report by Guillermo Alvarado from the "Evening Information Review" newscast]

[FBIS Translated Text] Cuba will have to accomplish a concerted action in both effort and efficiency in order to increase its sugar production during the next harvest and still remain among the world's top 10 countries in sugar production according to local and foreign specialists.

The yield of successive harvests has dropped since 1990, when Cuba reached a record 8.4-million ton production, until it reached 4 million tons for the harvest completed in mid-1994.

Inefficiency affects sugarcane sowing, cleaning, and cutting due to inadequate measures of task controls and organization, adding to the high impurity content once it reaches the mill according to statements by national work hero Ramon Castro.

Castro has warned against the lack of technological discipline in agricultural work, which takes a high toll on sugar content, adding these problems have nothing to do with the shortage of supplies or the U.S. blockade.

Deputy Sugar Minister Gilberto Llerena has attributed the sugar collapse to mistakes in overall harvest strategies and internal inefficiency in the production process. Additional delays for raw material to reach the mills cause great losses in sugar content as well as frequent milling interruptions due to a lack of sugarcane.

Added to the admitted mistakes in the way the harvest is carried out, one needs to add the lack of spare parts for combine harvesters, the country's energy problems, and the lack of fertilizers and pesticides needed to guarantee a healthy crop.

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In order to alleviate the objective difficulties facing the sugar industry as well as the inefficiency in task organization, the Cuban authorities have placed in practice a series of measures aimed at the recovery of the sector in the medium term.

Some of the noteworthy measures for the upcoming harvest are a short campaign for certain provinces to begin cutting in November and others in December, enrolling more manual cutters, and getting the factories to mill at 100 percent of their capability. Likewise, work is under way to recover the seed banks that worked between 1985 and 1990 so as to improve and cleanse the plantations that will comprise one-third of the 1.5 million hectares of land dedicated to sugarcane during the upcoming harvest.

Guantanamo Intensifies Coffee Harvest Efforts

FL1611020394 Havana Radio Rebelde Network in Spanish 1800 GMT 15 Nov 94

[From the "National Radio News"]

[FBIS Translated Text] More than 700 administrative leaders and workers from diverse sectors have just joined the coffee harvest in Guantanamo Province, where Tropical Storm Gordon caused the loss of 120,000 cans of coffee.

Today, 1,000 students joined the coffee harvest work force, bringing the total to approximately 42,000 people working on the coffee harvest in the mountains of Guantanamo. Half of the laborers are working in Maisi Municipality, which produces the most coffee of any municipality in Cuba. To date, approximately 1.4 million cans have been collected during the current harvest, or about 70 percent of the total expected harvest.

Harvesting has become difficult because all the coffee on the extensive coffee plantations of Guantanamo is at its peak ripeness and the heavy rains brought by Tropical Storm Gordon have accelerated the ripening process even further. This situation therefore requires mobilizing thousands of workers, including expensive mobilizations to the mountains from distant locations such as Guantanamo City.

Guantanamo Province's harvest is projected to reap 2.5 million cans of coffee. This province is traditionally the second largest producer of coffee in Cuba.

The current harvest is exceptionally important because the price of coffee on the international market has risen from $900 per ton at the beginning of the year, to a current price of over $5,000 per ton.

Farms Near Havana Used To Store Stolen Gasoline

FL1111221194 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 11 Nov 94

[From the "NTV" newscast]

[FBIS Translated Text] Four farms situated near Havana City were being used by 15 individuals to hide and sell gasoline they were stealing from the Nico Lopez Refinery and the Mario Fortuney Gas Plant.

The personnel who discovered the gasoline tanks hidden in the bushes stated that the four farms fooled everyone due to their appearance. The thieves were selling the gasoline on the black market. The group chose the four farms in the Arroyo Naranjo and Boyeros Municipalities, in Havana City Province.

Five drivers were stealing the gasoline from the refinery and the gas plant when the tanker trucks leaving both facilities were not thoroughly inspected. This undisciplined work behavior has already been administratively sanctioned by the Basic Industry Ministry.

Meanwhile, the police followed the thieves and discovered an automobile repair shop. A complete light vehicle repair job could have been performed at this shop. The thieves had a warehouse containing spare parts and even motors, as well as everything needed for body work and oil for light passenger vehicles. In the backyard of one of the farms, a small shop that made plastic products was discovered, something else these thieves sold on the black market. Other items seized were: two trucks, six cars, one motorcycle, as well as electronic equipment and expensive clothing.

This is how a case which was under investigation during four months was closed. The 15 individuals under arrest will be tried for committing the crime and the people who facilitated the theft by not doing their job have been fired. In the meantime, the Basic Industry Ministry and the police are studying new protection methods to prevent gasoline thefts.

Weekly's Overview of Economy Summarized

PA1511194794 Madrid EFE in Spanish 0000 GMT 14 Nov 94

[FBIS Translated Text] Havana, 11 Nov (EFE)—An article published in the most recent issue of the weekly BOHEMIA states Cuba managed to exploit only 10 percent of its nonsugar industrial capability in 1992 and no more than 15 percent in 1993 due to a lack of raw materials, fuel, and spare parts.

The article is an overview of the Cuban economy and of measures implemented in the past year to encourage production and to tidy up internal finances to revalue the national currency.

It includes statistical data on foreign trade, net export revenues, the gross national product, and major economic indicators that had not appeared in many local publications for the past four years.

A note indicates the analyzed statistics are estimates from the Center for Cuban Economy Studies, the Center for World Economy Research, the Finance and Prices

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Ministry, THE ECONOMIST, ECLA [Economic Commission for Latin America], and other specialized institutions.

BOHEMIA stresses the increasing deterioration of sugar production. The 1992-93 and 1993-94 harvests reached the lowest level with 4.2 million tons and 4 million tons, respectively.

It also notes low agricultural yields in recent years. The article states the GNP is no more than 10 billion pesos, half of the 1989 figure (19.335 billion pesos). It forecasts figures this year "will not be more encouraging, except for improvements in certain areas."

The source adds commercial exchanges totaled approximately $3.7 billion in 1993, about 11.1 percent less than in 1992 and only 27 percent of the 1989 figure.

The article states export revenues of the island were not much more than 1.7 billion last year and underscores this figure is similar to the one 20 years ago. It notes, however, Cuba had 2 million fewer inhabitants (the current population is almost 11 million) at that time.

The article states sugar contributed $720 million to export revenues in 1993, tourism $650 million, nickel $157 million, seafood $100 million, tobacco $50 million, and citrus products $12 million.

Concerning imports, petroleum absorbed 44.2 percent, basic staples 25.9 percent, medicine and agricultural and industrial inputs for export industries 29.9 percent.

The article argues that opening the country to foreign investment is influencing the current course of the Cuban economy the most. It states that joint ventures are helping the island obtain the capital it lacks as well as technology and markets to revive its industry.

The source states several economic areas are indicating signs of recovery with the participation of joint ventures and contractual economic associations and underscores international tourism as the most vigorous, followed by petroleum, mining, citrus products, and the industry of construction materials.

It also refers to the economic measures adopted by authorities of the island in the past year to tidy up internal finances, to encourage production and hard work, and to revalue the national currency.

It concludes that Cuba is advancing toward an increasingly decentralized economy with the active participation of various forms of property: state, joint, private, cooperative, and individual.

Roundup of Economic Developments

FL1511000594

[FBIS Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 14 November.

A total of 1.29 million tons of petroleum has been extracted from various Cuban wells in 1994 to date. This means petroleum workers are close to reaching their production goal of 1.29 tons in 1994. Specialists from Cuba Petroleos expressed confidence that conditions are right for reaching this goal. (Havana Radio Rebelde Network in Spanish 1800 GMT 7 Nov 94)

In Cienfuegos Province, the number of self-employed people has decreased. Various causes are cited as influencing this reduction, such as the control and organization measures that have been implemented, an increase in taxes for certain activities, lack of raw materials, and others of less importance. (Havana Radio Progreso Network in Spanish 1200 GMT 10 Nov 94)

In Playa Municipality, Havana City, a brigade of sewer workers inadvertently cut a 1,700-pair phone line, which is currently affecting nearly 1,000 phones in the area. The line is already undergoing repairs. (Havana Radio Rebelde Network in Spanish 1255 GMT 9 Nov 94)

In Ciego de Avila Province, the Superior Agricultural Institute has signed an accord with four Colombian universities. The accord calls for cooperation and exchanges in the following areas: biotechnology, physical education, educational process organization, irrigation and drainage, administration, and agricultural mechanization. The Colombian universities that have signed the accord are: Tolima, La Guajira, Fundacion Universitaria Coperativa de Fusil, and Corporacion de Estudios Tecnologicos del Norte de Valle. (Havana Radio Rebelde Network in Spanish 1000 GMT 9 Nov 94)

In Las Tunas Province, the provincial delegation of the Ministry of the Sugar Industry has constructed over 1,000 low-cost houses and repaired over 5,000 houses in the province. (Havana Radio Progreso Network in Spanish 1200 GMT 9 Nov 94)

In Havana City, the Federico Engels enterprise will produce GYR inks for the Spanish firm, GYR SA. GYR SA is represented by the Cuban enterprises (Coperfield) and (Utilsa). The products to be produced in Cuba are ink and additives for printing. According to an agreement signed at Havana's International Fair, the Cuban firm (Utilsa) will represent GYR SA throughout the Caribbean and Latin America. (Havana Radio Reloj Network in Spanish 1506 GMT 9 Nov 94)

In Matanzas Province, over 775,000 tons of crude oil was produced through October. The province's oilfield workers are responsible for nearly 80 percent of Cuba's crude oil production. (Havana Radio Rebelde Network in Spanish 1000 GMT 8 Nov 94)

In Ciego de Avila Province, 100,000 tons of crude oil has been produced, representing an historic record for the province's oilfield workers. (Havana Radio Progreso Network in Spanish 1200 GMT 8 Nov 94)

Pinar del Rio Province has declared a coffee harvest emergency in its mountain region where the equivalent

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of 50,000 cans of coffee is ripe and in need of harvesting. The province expects to harvest 300 tons more than in the previous harvest. At current international coffee prices, the province's harvest will bring revenues of $5 million. There are currently over 6,000 workers involved in the harvest. (Havana Radio Rebelde Network 1800 GMT 8 Nov 94)

The French company Puegeot has opened an office in Havana with a cars-and-accesories showroom, as well as repair facilities. The Peugeot representative stated that they feel honored to be in Cuba, given Cuba's stable, promising, serious nature. (Havana Radio Reloj Network 2049 GMT 9 Nov 94)

The National Insurance Enterprise has over 40 different types of insurances for individual farmers and similar agrarian entities. The insurance policies protect farmers from losses caused by heavy rains, fires, plagues, and other disasters. These policies have been avialable since 1993. (Havana Radio Reloj Network 2054 GMT 9 Nov 94)

In the first nine months of 1994, the medical supply enterprise of Santiago de Cuba produced a record 750,000 bottles of medicines derived from plants. The enterprise expects to end the year with record-breaking production despite shortages of containers and raw materials. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 11 Nov 94)

The Youth Labor Army in Artemisa has met its state quota and its goal to supply products to the farmers market, after showing a loss of approximately 159,000 pesos in the first six months. The 256 soldiers from Granma and Santiago de Cuba and 36 civil farmworkers who comprise the work force deliver 80 percent of their production to the state and sell 20 percent at the farmers market at Marianao where, to date, they have sold 250,000 pesos' worth of goods. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 11 Nov 94)

In Ciego de Avila Province, Alfredo Hondal visited the agricultural complexes of El Mambi and Arnaldo Ramirez, where he spoke with work contingents from Santiago de Cuba Province. Hondal stated that the Communist Party of Cuba and the province's agricultural sector will assist these 1,500 men and women involved in the miscellaneous crop harvest. Hondal stated that enormous effort was placed in the organization and preparation of this work force in Santiago de Cuba Province. Harvest workers from Ciego de Avila and Santiago de Cuba Province will be responsible for the collection of 400,000 quintales of potatoes in Ciego de Avila Province. (Havana Radio Rebelde Network in Spanish 1800 GMT 9 Nov 94)

In Granma, Jose Ramon Balaguer has participated in a meeting where a three-year program on the province's coffee production was analyzed. Balaguer stated that to achieve Cuba's coffee production goals, it is necessary to care for the plantations year-round. Balaguer added that results of less than 100 quintales of coffee harvested per caballeria are not positive, and that this amount is roughly twice what has been obtained in the province. Balaguer stressed the need to increase joint efforts between coffee growers and scientists to increase production. The three-year program approved calls for creating 44 more basic cooperative coffee production units, constructing 500 rustic homes per year, and strengthening man's tie to the land. (Havana Radio Rebelde Network in Spanish 1800 GMT 10 Nov 94)

In Ciego de Avila Province, the 450 workers from the Tercer Frente Oriental Work Contingent, currently working at the agricultural complex, El Mambi, are about to send 100,000 quintales of tubers to Santiago de Cuba Province. The workers are currently collecting 13,000 quintales of plantain, 2,000 to 2,500 quintales of sweet potato and yucca per caballeria, as well as participating in a farmers market in Santiago de Cuba Province. (Havana Radio Rebelde Network in Spanish 1800 GMT 10 Nov 94)

In Pinar del Rio Province, sugarcane winter planting efforts need to be increased. The province is currently behind schedule by 290 caballerias, and 28 percent of the harvest areas are affected by weeds. (Havana Radio Rebelde Network in Spanish 1000 GMT 14 Nov 94)

Minister Explains Foreign Investment at Seminar

PA1511195394 Havana PRENSA LATINA in Spanish 2010 GMT 14 Nov 94

[FBIS Translated Text] Madrid, 14 Nov (PL)--Ernesto Melendez, Cuban minister of foreign investment and economic cooperation, explained to more than 200 Spanish businessmen today the advantages and prospects of investing in Cuba.

Melendez spoke at a seminar organized by the Spanish Foreign Trade Institute and the Corporacion Financiera Argentaria during which several Cuban experts and personalities from Spain's financial and business world participated.

Melendez noted the laws protecting foreign investments in his country and the rapid macroeconomic transformation aimed at permitting Cuba's quick adjustment to new international conditions. He said in that regard foreign investors can send their profits abroad without any restrictions and have only to pay a 25-percent tax on net profits, 25 percent on the Cuban personnel [words indistinct].

In addition, business partners can export their production directly, if they so decide, and import whatever they need.

He added bilateral agreements to promote and guarantee business investments have been signed with the governments of Italy, Russia, Spain, and Colombia, and it is possible similar agreements will be signed with other countries.

Melendez explained the various forms of business partnerships with foreign capital in Cuba. He noted the accelerated diversification of the participating companies.

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There are 165 business associations in Cuba operating with capital from 38 countries in approximately 20 areas of the national economy. In addition, 200 new mixed enterprises are being studied.

In addition to tourism, an area in which 27 associations are operating and 37 contracts for hotel management have been signed, mining comprises 30 percent of the mixed enterprises, most of them in the oil industry.

Foreign capital received through these types of associations by the end of 1994 will surpass $1.5 billion, an amount which is considered modest but encouraging according to Melendez.

Melendez said no productive sector will be excluded from foreign capital investment from now on, be it in the area of services, agriculture, industries, or sugar production.

Meanwhile, in describing the relations between his country and Cuba, Apolonio Ruiz, the Spanish secretary of state for foreign trade, said they are based on sovereignty and independence, which permit the frank discussion of various topics.

He also announced the signing of an agreement for reciprocal protection of investments that will be effective in January, stressing now is the time to invest in Cuba.

Fernando Eguidazu, an adviser for the president of Argentaria, made similar remarks, saying businessmen should not be afraid of investing in Cuba, in his opinion, because macroeconomic changes in that country are in the right direction and are irreversible, as leaders of that nation have said. He added the measures adopted by the Cuban Government are not isolated but part of a coherent plan.

He also said Cuba has had to face economic adjustments without support, with foreign investments as its only source, contrary to other countries that receive multilateral foreign aid to cope with them.

Eguidazu noted the advantages of investing in Cuba, where manpower is highly qualified and the infrastructure is better than that of its neighboring countries.

Eguidazu referred to studies conducted by experts from the United States and Europe which have concluded that Cuba's economy will recover in the near future and alerted Spanish businessmen to the risk of being late for investment.

He noted the fast changes taking place in Cuba, the growing amount of investments on the island from third countries, and even the interest shown by U.S. investors who are hoping the blockade imposed by Washington on Havana will soon be lifted.

Eguidazu also explained the various mechanisms that exist to invest in Cuba.

During the question and answer period, Melendez said Cuba is revising its laws on foreign investments, developing business projects, and studying the possibility of expanding free zones.

French Firm Discovers Oil in Northwest Waters

PA1511195094 Mexico City NOTIMEX in Spanish 1906 GMT 13 Nov 94

[FBIS Translated Text] Havana, 13 Nov (NOTIMEX)—The French company Total has made the second oil discovery in northwestern Cuban waters by a foreign company on the island, industry sources reported today.

The quality of the crude has not been evaluated, but it is "lighter" than that found months ago in Bahia de Cardenas by a branch of Sherritt Inc, a Canadian consortium, sources have told NOTIMEX.

The new discovery took place at the Caracoles wells drilled at sea at 3,800 meters deep, east of Bahia de Cardenas and in front of the northwestern coasts of Matanzas Province.

Ten foreign companies are looking for oil in Cuba on six blocks of maritime platforms and 11 on land. There are 32 wells drilled on land and in the territorial sea outlined by the authorities for the exploration through risk contracts.

The first discovery was reported in September by Canadian North West Energy (CNW) a branch of Sherritt, at the Cupey-1 well in Bahia de Cardenas, 3,200 meeters deep in a layer still being studied.

Cuba undertook the massive search this year for crude to replace the lack of supply previously provided by the former Soviet Union, which used to guarantee the island a 260,000-barrel per day [bpd] consumption.

The nation only produces 30,000 bpd, which are used to a great extent in the cement factories and the thermoelectric plants, while it imports 120,000 bpd, resulting in a supply a little more than half of its needs.

The Cupey-1 well produced a 16-grade oil on the API [American Petroleum Institute] scale, an industrial scale that classifies crudes as c heavy grade from zero to 20, medium those ranging from 20 to 30, and light those over 30.

The CNW initiated this month the drilling of the Cabaiguan-1 well, the first on land, near the area of Fomento in the geographic center of the island, Sancti Spriritus Province, which will have a depth of 3,500 m.

Cuba has three oil wells opened by foreign companies and will drill between eight and 10 next year according to the source. Total has abandoned a search near the Caracoles well due to technical difficulties, the sources added.

Oil exploration in Cuba is in the hands of the Canadian companies CNW, Fortuna, API, and Fairmont; the UK companies Premier and British Bornero; the French companies Total, Geopetrol, and OFD; and the Swedish company Taurus.

Cuban-Bolivian Commission Strengthens Ties

FL1611022394 Havana Radio Rebelde Network in Spanish 0000 GMT 16 Nov 94

[From the "Exclusive" program]

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[FBIS Translated Text] With the beginning of the first work session on 15 November of the Joint Cuban-Bolivian Commission for Cooperation, Cuba and Bolivia took a significant step toward their mutual goal of strengthening economic and trade relations. The meeting will bolster both nations' joint commitment to developing current ties, and will be an important moment in their relations. This was affirmed by Vice Foreign Minister Isabel Allende during the opening session.

Jaime Aparicio, Bolivia's national secretary for foreign relations and worship [title as heard] said: Relations between Cuba and Bolivia have already reached a high political level, so now we will transform this into economic, trade, and scientific and technical cooperation. Allende and Aparicio are heading the delegations of experts from Havana and La Paz that will meet for four days to study mutually advantageous trade possibilities.

Following the reestablishment of diplomatic relations in 1983, Cuba and Bolivia reached a high level of political ties in August 1993 when President Fidel Castro traveled to La Paz to attend the swearing in of Bolivian President Gonzalo Sanchez de Lozada.

The first meeting of the joint commission is the direct result of Foreign Minister Roberto Robaina's official visit to Bolivia last August.

Minister Views Meeting With Colombian Academics

FL1111220894 Havana Radio Rebelde Network in Spanish 0000 GMT 11 Nov 94

[Report by Carmen Oria; from the "Exclusive" program]

[FBIS Translated Text] The first meeting of Colombian and Cuban university presidents has concluded and Higher Education Minister Fernando Vecino Alegret gives us his evaluation of the meeting.

[Begin recording] [Vecino] This is the first meeting of its kind between Colombia and Cuba and stems from efforts of both the Colombian and Cuban ambassadors. We are very satisfied with the results; over the years several agreements, approximately 20, have been signed, but nothing is better than face-to-face meetings. I think the Colombian university presidents have a very good impression of Cuba, as we do of them. From now on, I believe these ties will continue to strengthen; we have established an important method of exchange and Colombian and Cuban university presidents plan to meet yearly.

[Oria] Will it be the Ministry's policy to hold meetings with university presidents from other countries? We understand that in the future there will be other meetings, can you tell us about them?

[Vecino] Yes, of course. We now have several exchanges, for example, with Mexico, Venezuela, Brazil, and Ecuador. Now we are establishing exchanges with Colombia. We also plan to meet with a group of Argentine university presidents. In December we expect to meet with several French university presidents and in January with Dominican university presidents. This is a type of cooperation and exchange, intended to increase ties between universities. This is very important to us because our ties to foreign universities have never been stronger; this is the most important issue. We are now essentially connected with Latin America.

[Oria] Thank you very much Minister Vecino [end recording]

Diplomats Goicochea, Fontaine Named to UN Posts

FL1611014594 Havana Radio Rebelde Network in Spanish 1800 GMT 15 Nov 94

[From the "National Radio News"]

[FBIS Translated Text] The UN General Assembly today appointed Cuban diplomat Norma Goicochea de Estenoz to a vacant post on the Advisory Committee of Administrative and Budgetary Issues. Goicochea will occupy the post until 31 December, 1996. She assumes the post vacated by Cuban diplomat Evan Fontaine. Fontaine was appointed executive secretary of the UN Board of Auditors [dependencia comun de inspeccion del systema de las Naciones Unidas] by UN Secretary General Butrus Butrus-Ghali.

The 36-year-old Goicochea is an expert in international relations. At the time of her appointment, Goicochea worked in the Multilateral Affairs Department of the Cuban Ministry of Foreign Relations.

Commissions Study Provincial, Municipal Assemblies Bill

FL1611014494 Havana Radio Rebelde Network in Spanish 0000 GMT 16 Nov 94

[Report by Gisela Bel Heredia; from the "Exclusive" program]

[FBIS Translated Text] On 15 November, a joint meeting of the Local Government Bodies and Constitutional and Judicial Affairs Commissions of the National Assembly of the People's Government studied the bill on provisional guidelines for provincial and municipal assemblies. Ramon de la Cruz Ochoa, president of the Constitutional and Judicial Affairs Commission, told reporters that the goal is to perfect the rules to make them ever more democratic.

[Begin recording] [De la Cruz, in progress] ....so that they respond to political principles established by our Constitution. As you might have noted, our goal is to make the assemblies play an ever increasing role in the entire process of the life of the municipalities, and to strengthen the role of the commissions so that they attain their full potential and play their role as partners of the Administrative Councils. It is very important that they have certain specialized tools. This is in good measure what the commissions are.

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[Bel] Right now, have the guidelines under study become a necessity?

[De la Cruz] Yes. I believe they are very necessary for the performance of their duties. [end recording]

[Bel] Following this study, the bills will be approved as decrees by the Council of State, and will become effective in the provinces and municipalities.

Roundup of Politburo Members' Activities

FL1611003994

[FBIS Editorial Report] The following is a compilation of reports on the activities of members of the Politburo of the Cuban Communist Party Central Committee monitored through 15 November.

Esteban Lazo participated in a meeting of the provincial council of the Federation of Middle School Education students in Havana. Lazo discusses methods of accomplishing the organization's goals, and the students express their willingness and support for professors. (Havana Radio Reloj Network in Spanish 2058 GMT 7 Nov 94)

Jose Ramon BAlaguer presented a banner to the Coldomira Costa work contingent in Yara Municipality, Granma Province. This contingent is comprised of 80 women who will work at the agricultural complex, Veguita Norte. (Havana Radio Progreso Network in Spanish 1200 GMT 9 Nov 94)

Alfredo Hondal visited the agricultural complexes of El Mambi and Arnaldo Ramirez in Ciego de Avila Province. He spoke there with work contingents from Santiago de Cuba Province. Hondal stated that the Communist Party of Cuba and the province's agricultural sector will assist these 1,500 men and women involved in the miscellaneous crop harvest. Hondal stated that enormous effort was made in organizating and preparing of this work force in Santiago de Cuba Province. Harvest workers from Ciego de Avila and Santiago de Cuba Province will be responsible for the collection of 400,000 quintales of potatoes in Ciego de Avila Province. (Havana Radio Rebelde Network in Spanish 1800 GMT 9 Nov 94)

Abel Prieto presented Jose Marti International journalism awards at the Capri Hotel in Havana on 9 November. (Havana Cuba Vision Network 0100 GMT 10 Nov 94)

Nelson Torres participated in the closing of the scientific campaign In Havana City. The campaign was held to celebrate the Cuban Sugar Research Institute's 30th anniversary. Torres stated that if in 1995 Cuba's sugarcane harvest is short and efficient, the country will be in a condition to increase sugarcane production to 800 million or 1 billion arrobas. Torres thanked the foreign delegations for their participation in the event. Torres also praised the scientific campaign and highlighted the participants' talent. (Havana Radio Progreso Network in Spanish 1200 GMT 10 Nov 94)

Jose Ramon Balaguer has participated in a meeting in which a three-year program on the province's coffee production was analyzed in Granma. Balaguer stated that to achieve Cuba's coffee production goals it is necessary to care for the plantations year round. Balaguer added that harvests of less than 100 quintales of coffee per caballeria are not positive and that this amount is roughly twice what has been obtained in the province. Balaguer stressed the need to increase joint efforts between coffee growers and scientists to increase production. The three-year program approved calls for creating 44 more basic cooperative coffee production units, constructing 500 rustic homes per year, and strengthening man's ties with the land. (Havana Radio Rebelde Network in Spanish 1800 GMT 10 Nov 94)

Esteban Lazo participated in an organizational committee meeting on Teaching Convention 95, to be held 6-10 February, 1995. Lazo urged all Havana schools to prepare for the convention and for the 5,000 educators from Latin America and Spain who are expected to attend. (Havana Radio Reloj Network in Spanish 1502 11 Nov 94)

Jose Ramon Balaguer, in preparing for reenactment of the Granma expedition with members of the UJC in Granma Province. (Havana Radio Rebelde Network in Spanish 1800 GMT 11 Nov 94)

Abel Prieto and Armando Hart Davalos participated in a Cuban philosophical conference held in Santa Clara. (Havana Radio Reloj Network in Spanish 2030 GMT 11 Nov 94)

Candido Palmero praised the Committees for the Defense of the Revolution in San Antonio de los Banos Municipality, Havana Province, for their extensive accomplishments throughout the nation. (Havana Radio Rebelde Network in Spanish 1800 GMT 12 Nov 94)

In Havana Province, Candido Palmero presided over a meeting of the province's Defense Council. Palmero stated that the potato planting campaign has been interrupted to prevent the seeds from being affected by the adverse weather that Tropical Storm Gordon is producing. (Havana Radio Progreso Network in Spanish 1200 GMT 15 Nov 94)

Haiti

Prime Minister Denounces 'Plot' To Destabilize Country

PA1511154494 Paris AFP in Spanish 1435 GMT 15 Nov 94

[FBIS Translated Text] Port-au-Prince, 15 Nov (AFP)—Haitian Prime Minister Smarck Michel denounced a plot to "destabilize" the country involving "anti-democratic forces," which he did not identify.

Michel denounced a "dark hand" in these "subversive" attempts during a conversation in Creole with journalists in Port-au-Prince Heights, where his office is located, the evening of 14 November.

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As evidence of this plot, the Haitian prime minister cited illegal land occupations and intentionally provoked disturbances within his administration.

The prime minister insisted on making a clear distinction between "the legitimate demands of the people channeled through democratic means and subversive acts of banditry against change."

Further on Prime Minister's Remarks

FL1511220894 Port-au-Prince Radio Metropole in French 1700 GMT 15 Nov 94

[FBIS Translated Excerpts] Prime Minister Smarck Michel held his first meeting with the press last night. The prime minister denounced a destabilization campaign against his government. Smarck Michel attributes the crimes reported during the past days to an antidemocratic sector which is using subversion. Clarence Renois filed a report:

[Begin Renois recording] For his first encounter with the press since his installation, Smarck Michel voluntarily chose to address the public on two topics: the emergency created by the rainfall and the insecurity that the prime minister ascribes to a destabilization campaign. For the head of the government, the situation caused by the rains is serious.

After witnessing the extent of the damages with his own eyes, in the company of the head of state, the Haitian prime minister decided to declare the state of administrative emergency in order to assist the flood victims. Smarck Michel announced the payment of 45 million gourdes and additional aid granted by the U.S. Agency for International Development of $25,000 in favor of the disaster victims.

However, as of Monday night the government did not have an exhaustive assessment of the damages and the number of victims. Mr. Smarck Michel explained this was so because of the difficulties in reaching the most affected regions and the communication difficulties between the cities and the countryside. Aware of the seriousness of the situation, the government has decided to put its slim resources at the disposal of the victims and called for the assistance of the nongovernmental organizations. [passage omitted]

On 15 November, three ministers of the government—agriculture, public transport, and social affairs—will fly over the zones most affected by the floods. Some field teams were sent on the spot in order to assess the situation.

Meanwhile in Port-au-Prince, the government is meeting in crisis committees and should coordinate the assistance and aid to the victims.

The second concern of the government is the security situation which appears to Prime Minister Smarck Michel to be a campaign of destabilization. According to the prime minister the campaign is led by an unidentified sector wanting to block the democratic process.

Citing the cases of illegal occupation of lands and incidents reported in some ministries, Smarck Michel warned that this situation cannot last and that serious measures would be taken to stop the disturbances. He pointed out that the legitimate demands were formulated democratically in contrast to what Smarck Michel considers as acts of robbery, expressed subversively. [passage omitted]

Finally, questioned about the delay noticed in the running of the governmental machinery, Smarck Michel called for patience from the population, announcing that 900 million gourdes for an emergency plan would be available early next week. Meanwhile, negotiations with the foreign sponsors continue, according to the prime minister. [end recording].

U.S. Food Aid to Flood Victims Released

FL1611000994 Port-au-Prince Radio Metropole in French 1700 GMT 15 Nov 94

[FBIS Translated Text] Vehicular traffic has still not been reestablished on Carrefour Road, which is immersed in alluvial deposits and other debris.

In view of this situation, the government of Smarck Michel has declared a state of administrative emergency and announced the implementation of an emergency plan of 900 million gourdes in victim assistance. A sum of 45 million gourdes from the U.S food aid program, PL-480, has already been released to assist the victims. The government also called on non-governmental organizations and related agencies to face [word indistinct].

The Army High Command ordered regional commanders to provide assistance to the populations, while the Haitian Red Cross sent an appeal for clothing, kitchen utensils, and food for the victims.

UN Secretary General Arrives for Visit

PA1511202494 Paris AFP in Spanish 1914 GMT 15 Nov 94

[FBIS Translated Text] Port-au-Prince, 15 Nov (AFP)—UN Secretary General Butrus Butrus-Ghali arrived in Port-au-Prince on Tuesday for a five-hour visit to the Haitian capital during which time he will meet with President Jean-Bertrand Aristide.

This visit is the second one by a UN secretary general to Haiti since the fall of the Duvalier dictatorship in 1986.

Butrus-Ghali, who is visiting this nation for the first time, is accompanied by (Algerian) Lakhdar Brahimi, his special representative in Haiti, (Mexican) Rosario Green, deputy secretary general for political matters, and (Canadian) Maurice Baril, military adviser.

The UN secretary general will have a 30-minute meeting with Haitian President Jean-Bertrand Aristide at the National Palace. He will subsequently meet with the prime minister, the members of the Haitian Government, as well as with the UN representatives there.

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Cease-Fire Commission Proposes 4 Measures in Chiapas

PA1511234894 Mexico City UNOMASUNO in Spanish 14 Nov 94 p 82

[FBIS Translated Text] The Information and Analysis Commission for a Sustained Cease-Fire, headed by Jorge Madrazo Cuellar, has proposed four measures to "reinforce" the suspension of attacks and "increase" the possibility of dialogue between the conflicting sides.

In a communique made public through the local news media, the commission has proposed the following.

"Ask the International Red Cross to extend to the Altamirano gorge area the medical and humanitarian aid that the organization has been offering to the civilian population living in Guadalupe Tepeyac and San Miguel. Such an action, however, should not presuppose creating additional buffer zones or extending the existing ones.

"Using any appropriate means, conduct an investigation to determine exactly why people are moving from the conflict area to municipal head towns; improve the aid offered to such people, and create mechanisms so that they can voluntarily and safely return to their places or origin.

"Let Mexican Army members currently stationed at the municipal head towns of Ocosingo, Altamirano, and Las Margaritas also do social assistance work for the local population that lives outside the buffer and conflict zones. Such aid should include medical and dental care, and distribution of blankets, food, and medicine.

"Using his authority, let the governor issue instructions for commercial light planes to overfly buffer and conflict zones to alter their courses to avoid any misunderstandings. Should planes overfly these areas out of necessity, let the corresponding Mexican Army and EZLN [Zapatist National Liberation Army] checkposts know as soon as possible before the overflight, providing the plane type and specifying the reason for the overflight. Let the administrators of the corresponding airports assume responsibility for such measures."

The commission states the following:

- The commission was formally created on 24 October 1994. Initially, it was made up of those who have signed this document.
- On 29 and 30 October 1994, the commission visited the points of greatest tension around the conflict and buffer zones and talked with members of the observation camps set up by the Commissioner for Peace and Reconciliation in Chiapas.
- On these dates, the commission listened to what the residents of Ocosingo, Altamirano, and Las Margaritas had to say about their own problems.
- The commission also met with participants in the peace process, such as military officers, members of mediator Bishop Samuel Ruiz Garcia's working team, and Governor Javier Lopez Moreno.
- It is essential to take actions to ease the difficult situation in the buffer zones and other areas that represent points of tension without being buffer zones.
- As a matter of principle, buffer zones should be regarded as totally demilitarized zones.
- One of the commission's most important duties is to propose measures to reinforce the cease-fire as a means to improve the chances for dialogue between the conflicting sides and thus attain firm peace with dignity and justice.

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Guatemala

President Explains Police Action at University

PA1611042594 Guatemala City Television Network in Spanish 0310 GMT 15 Nov 94

[Speech by President Ramiro de Leon Carpio; place and date not given; broadcast in progress]

[FBIS Translated Text] ...relatives of those who lost their lives in this crisis, whether from accidents involving the cargo carriers used to transport people, or as a result of the unjustified and organized disturbances that took place after the urban transportation problem was resolved.

I express to all of you my sincerest condolences and sympathy. I am speaking to all citizens who have respected the law—in other words, to the majority of Guatemalans—reiterating to them the government's decision to take firm action within the framework of the law by deploying the security forces and, in turn, guarantee order and tranquillity for all citizens.

I also want to speak to the members of the security forces to assure them that, while they are carrying out their duty, they will have the government's full support. They must remember that it is their duty to act in accordance with the law, which prohibits them from harming any person who has already been brought under control. The mission of the police is not to mistreat people who have already surrendered, especially if they have been injured or beaten.

International criticism has not been leveled against the actions of the police but against the [word indistinct]. We must all remember that the public security forces are protected by the law, and they have the duty to act rationally and in proportion with the level of violence they encounter.

I also am speaking to those who have participated in demonstrations. Demonstrations are a form of protest guaranteed by the law; therefore, they are not illegal. Nevertheless, the right to demonstrate does not entail endangering the lives of citizens or promoting pillage or the destruction of private and public property, as has happened.

Any demonstrator who burns vehicles, shatters windows, or throws stones or firebombs at the police is simply perpetrating a crime and going beyond the boundaries of the law, and the authorities have the right to take action. This is the case in Guatemala, as it is anywhere else in the world.

Moreover, violence in a demonstration will prompt responses in kind from the authorities, and afterward, it is useless to regret the deaths and injuries incurred.

All of the Guatemalan people witnessed the acts of vandalism by people who participated in demonstrations which deteriorated into riots. People who behave this way have no moral grounds upon which to demand respect for their rights, because they do not respect the rights of others. They not only threaten their own lives, but also the lives of people who have nothing to do with violence.

Today, I am also speaking to the university authorities. I am a university graduate and, as a student, I also participated in demonstrations, but I never hurled firebombs at police officers, and I never tried to hide on university grounds.

The concept of university autonomy does not imply impunity or extraterritoriality, as some people believe. University autonomy is not violated when the police take action to establish order among wild demonstrators who engage in pillaging and indiscriminate attacks. Moreover, it is not in the university's best interests to be viewed as a refuge for criminals, because it is not. University autonomy is violated when someone outside of its administration exerts pressure to force that administration to change class schedules, curriculum, lecturers, authorities, or its budget, but not when the police take action after having been attacked. This is the type of autonomy I have always respected and will always respect.

I am also speaking to the owners of buses. I am asking these businessmen to think about the tragic consequences of their actions—specifically, their unilateral decision to hike fares. You are entitled to earn profits, but it also is your duty to be perfectly aware not only of the terrible harm you inflict on commuters, but of the existence of groups interested in fostering disorder and anguish in the capital.

It is clear that everything that happened resulted from irresponsibility and rashness. My intention is not to lay blame but, rather, to simply call for harmony and reflection.

During 34 years of armed confrontation, our nation of Guatemala was the scene of a senseless loss of lives. Today, more than ever, we should clearly value life instead of endangering it.

Guatemala also has suffered other types of losses. As you know, I suspended a trip that would have taken me to a discussion with members of the European Parliament.

The EC is one of the country's main partners in its development efforts, primarily through the financing of programs to be implemented once a peace agreement is signed. Because of its importance, we are now undertaking efforts to head down this path as soon as possible. However, without a doubt, we have lost valuable time. I would like to leave you with an issue to reflect on. The best way to prevent the rights of individuals from being jeopardized is by not departing from the established legal framework. I have always been someone who is open to dialogue, and I have even been criticized because of my meticulous compliance with the law. The November

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crisis should leave each and every one of us with the unmistakable message that democracy is not built through violence, and, moreover, it is not built by breaking the law, but by respecting the law.

In conclusion, I would like to reiterate to all Guatemalans my constant commitment to bring harmony and peace to the people. I clearly stated this commitment on Friday [11 November]. We will not tolerate any acts of vandalism. We are unwilling to tolerate any disinformation or blackmail from those groups adept at subverting social order. We are prepared to respond firmly, but always within the framework of the law, by resorting to every means at the state's disposal to guarantee the safety of the population. The Guatemalan people deserve a peaceful Christmas season, and we are determined that it will be this way. Thank you very much, and good night.

Honduras

Armed Forces Chief Warns of Coup Conspiracy

PA1511173994 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 14 Nov 94 p 41

[Report by Gustavo Palencia]

[FBIS Translated Text] General Luis Discua, chief of the Armed Forces, has said a coup d'etat against the government of Carlos Reina is being hatched in Honduras, but he has said the military respects the constitutional order.

"We will loyally comply with our constitutional role. We defend democracy although others try to ... manipulate or push a memory no Honduran and much less the Armed Forces should remember: coups d'etat," Gen. Discua said during a military ceremony.

Discua was apparently referring to Deputy Raul Pineda, one of the bloc leaders of the National Party of Honduras, the main opposition group.

Pineda said on 8 November the military is "ruthlessly stupid, because the actions taken by the government (Reina's) obviously seek to reduce the size of the Armed Forces as much as possible."

Discua suggested this statement seeks to create friction between the high command and unit chiefs by promoting the idea the leadership allows the government to minimize the power of the Armed Forces.

"It seems actions are being taken based on preconceived interests. As the popular saying goes: fishing in troubled waters. We are not dumb or retarded. We know what our constitutional mission is. We are not politicians but soldiers," he added.

"They have sought to manage the situation politically judging from recent events. The Armed Forces do not want to destroy the country's economy; they do not want to destroy themselves," he has said.

Discua thus referred to the congressional ratification of a law that took the Merchant Marine and the Treasury Police from under the control of the Armed Forces as part of a process to reduce the military's influence in the government.

Sources close to the Armed Forces have stated there is discontent in the midlevel echelons although the military leadership has accepted this decision.

The Legislative Assembly also ratified in May a law abolishing mandatory military service, which was enforced during the past three decades to increase the ranks of the Army, as of next year.

According to independent sources, Reina supports a plan to reduce the Army and defense expenditures that will also stop the military's participation in business despite strong opposition.

"We are trying to build a better institution that continues to represent the military capability of the people," Reina has said.

Nicaragua

Environment Minister, Deputies Transferred From Posts

PA1511194494 Managua Radio Nicaragua Network in Spanish 1200 GMT 15 Nov 94

[From the "News 2000" newscast]

[FBIS Translated Text] It was learned yesterday from Presidency sources that President Violeta Chamorro had made the decision to remove from their posts Environment Minister Jaime Incer Barquero and his two deputy ministers, Felix Pedro Alfaro and Cesar Aviles Haslam. It appears these officials will be transferred to different government posts.

A scandal took place at the ministry in September after the two deputy ministers, Alfaro and Aviles, accused Incer Barquero of administrative corruption. Incer asked Dona Violeta in a letter, therefore, to fire his two enemies. According to our sources, Incer will be appointed economic adviser of the Presidency while the future of the two deputy ministers is still being decided.

Commentaries Support Constitutional Reforms

95P2O128

[FBIS Editorial Report] Commentaries in the Managua press by moderates and close associates of President Chamorro have criticized efforts by the Executive Branch to block passage of constitutional reforms. The commentators consider reform essential to strengthen democracy and create a better balance of powers in the government.

Commenting in the 20 October BARRICADA, Carlos Chamorro, son of President Violeta Chamorro, viewed

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constitutional reforms as "essential for the nation, because they affect every aspect of democracy." Chamorro argued that passage of reform will end the country's polarization, and will also unite Sandinists: "Only a Sandinism without two different methods of struggle [working peacefully with the government but also taking up arms]... could gain sufficient democratic credibility to enable it to isolate the positions of the extreme right and create new national alliances to benefit popular interests." Technical obstacles to the passage of reform, such as the question of how many articles to amend and in how many legislative sessions, can be overcome easily, he contended. Chamorro suggested that the call for a national dialogue to discuss the property issue and constitutional reform by Sandinist National Liberation Front (FSLN) Secretary General Daniel Ortega is simply a ruse to weaken the National Assembly and concentrate its functions in the executive branch. This stems from the conflict between the FSLN leadership and its members in the legislature, he noted.

In the 20 October LA PRENSA, Pedro Chamorro came out in favor of reforms that prevent the reelection of the president and that bar relatives of the president from running for high office. He said that although these reforms affect not only him, as the president's son, but other family members as well, he still believes in them because they "will strengthen democracy." He noted that they should be viewed as a benefit to the country, and not as a tool of "political revanchism" to prevent people like former president Daniel Ortega and Presidency Minister Antonio Lacayo (the president's son-in-law) from running for president.

Sandinist Renewal Movement Leader Sergio Ramirez argued that reforms are necessary in order to define once and for all whether Nicaragua is governed by democracy or "caudillismo" (EL SEMANARIO, 13-21 October). Ramirez pointed out that government leaders who block reform will tarnish the Chamorro administration's legacy of a government which brought peace, while constitutional changes will bring stability, greater democracy, and economic growth.

In the same paper's 20-26 October issue, commentator Reynaldo Antonio Tefel, who called himself "a longtime personal friend of President Chamorro," criticized government leaders close to the president who are against reform. For example, he rejected Antonio Lacayo's argument that if constitutional reforms were passed, "chaos would reign in Nicaragua." He also criticized Vice Minister of the Presidency Tomas Delaney's remark that "if the deputies pass the reform package the executive branch will find it totally unacceptable." In Tefel's view, by opposing reform the government is opposing the balance of powers. While he feels there is no danger that in his country the president would take over the legislature, as occurred in Peru, he feared that unless there is reform, the country's stability would be at risk. He warned that deputies "must unite in defense of the National Assembly as the true sovereign representatives of the people" and must end "the hegemony that this constitution grants the executive at the expense of... the legislature."

Panama

Deputies Oppose U.S. Senate Proposal To Privatize Canal

PA1611031394 Panama City EL PANAMA AMERICA in Spanish 15 Nov 94 p 14

[Report by Carlos Vargas]

[FBIS Translated Text] The privatization of the Panama Canal before the year 2000 by means of a proposal now being discussed in the U.S. Senate has elicited a strong reaction within the Panamanian Legislative Assembly, which is debating a constitutional amendment on the waterway.

Roberto Abrego, president of the assembly's Government Commission, said the proposal to privatize the Canal violates the 1977 Torrijos-Carter Treaties and international law. According to Abrego, the treaties specifically state that the Canal must be returned to Panama on 31 December 2000 [year as published] and that the Panamanian Government is authorized to manage the facility from that date on.

PRD [Revolutionary Democratic Party] legislator Oyden Ortega objected to privatizing the Canal before it is returned to Panama.

Yesterday, the assembly resumed its debate on a constitutional amendment that proposes adding to the Constitution a title dealing with Canal management.

During the debate, legislator Bolivar Pariente announced that all opposition factions, which comprise a total of 27 legislators, will vote in favor of the proposed constitutional amendment. He said the Arnulfist Party, Nationalist Liberal Republican Movement, Authentic Liberal Party, National Liberal Party, Christian Democratic Party, National Renovation Party, and Civic Renewal Party will endorse the amendment. According to Pariente, the amendment also will be backed some legislators from the government faction, which will guarantee its approval.

In addition, the assembly leaders have announced that on 18 November the floor of the assembly will be given to the Coalition of Panama Canal Workers, the Society of Panamanian Engineers and Architects, and Fernando Manfredo to discuss the proposal.

Official on Ties With U.S., Upcoming Miami Summit

PA1511222294 Panama City ACAN in Spanish 2333 GMT 14 Nov 94

[FBIS Translated Text] Panama City, 14 Nov (ACAN)—Panamanian Deputy Foreign Minister Omar Jaen

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Suarez said today that relations between Panama and the United States will not be affected by the electoral victory of the Republican Party in that country.

However, Jaen Suarez conceded in a news conference that the Republican Party's victory has generated a number of internal incidents in the United States "that have changed the political situation of that country."

"We have excellent relations with the U.S. Government, and I do not see why this should change," Jaen emphasized. Jaen has assumed the duties of acting foreign minister while Foreign Minister Gabriel Lewis Galindo is visiting Taiwan.

"On the contrary," he went on to say, "the administration of President Ernesto Perez Balladares is resolved to maintain very good relations with its main partner in such a significant enterprise as the Canal."

Acting Foreign Minister Jaen also referred to Panama's participation in the Summit of the Americas, which will be held in Miami in December, and the eventual visit of Mexican President-elect Ernesto Zedillo.

Jaen Suarez said that the Summit of the Americas is a very important forum, where all heads of state of the American continent will meet at the highest level, "with the exception of one"—he noted—referring to Cuban President Fidel Castro, who has not been invited to the summit.

He added that Panama places "great significance" on the summit, "because it will be an occasion for the meeting of the entire continent to symbolically establish a commitment to work together toward the future," reaching agreements in such topics as development, trade, and environmental protection.

The Panamanian diplomat added that the Foreign Ministry is holding talks with several institutions, including the private sector, "to bring (to Miami) a more unified position with the various countries."

Omar Jaen confirmed that Ernesto Zedillo of the Institutional Revolutionary Party (PRI) will visit Panama next Saturday [19 November] to hold a "private" meeting with Panamanian President Ernesto Perez Balladares.

Acccording to Jaen, Zedillo will use the meeting with President Perez Balladares to reiterate his invitation to his inauguration on 2 December.

Zedillo's visit—he stated—has "great significance" because it is "proof" of the international prestige Panama has regained and the excellent relations it maintains with Mexico, "a country we should count on to achieve our goal of joining NAFTA."

Chamber of Construction Head on Money Laundering

PA1511174194 Panama City Circuito RPC Television in Spanish 2300 GMT 14 Nov 94

[From the "RPC Television News" newscast]

[FBIS Translated Text] The continued growth in the construction industry has elicited harsh criticism about the possibility of the industry being used for the laundering of drug money. The first such statements came from U.S. congressmen, who have charged that this illegal activity is being carried out by the Panamanian construction industry. The Panama Chamber of Construction [CAPAC] has reaffirmed its position on the issue and has rejected the charges due to the effect they have on the industry's image:

[Begin CAPAC President Eduardo Rodriguez recording] We cannot guarantee they are not using this or any other profitable business. Our position on this issue is that the construction industry, generally speaking as a whole, uses money coming from loans with locally established banks. If in fact there are companies, corporations, or groups using illegal money sources, we will be the first to ask the authorities to take the appropriate corrective and legal action, once the investigation is completed. [end recording].

The secretary general for narcotics at the Attorney General's Office is conducting an investigation of the charges, with the knowledge and support of the CAPAC, which is providing the necessary financial information:

[Begin Rodriguez recording] The investigators have made their first contacts with the organization. We have expressed our interest in seeing the investigation progress. [end recording]

Figures released by the CAPAC indicate there has been an average investment of approximately $250 million per year over the past four years.

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Argentina

Menem Stresses Measures Against 'Terrorist Attacks'

PY1511180094 Buenos Aires TELAM in Spanish 1417 GMT 15 Nov 94

[FBIS Translated Text] Buenos Aires, 15 Nov (TELAM)--President Carlos Menem today emphasized the security measures taken to prevent possible terrorist attacks. He stressed that it is necessary to think not only of the Jewish community, but of the entire population.

Mentioning France and the United Kingdom, the president stressed: "Not only do we have to think of the Israeli community targets, but we have to protect the entire population, as is being done in other countries in the world."

In remarks to Radio America, the president indicated: "Preventive measures have been taken, following a wealth of information that is being received from other parts of the world."

Menem said: "We are reinforcing all Argentine borders, as we have a 9,000-km border with neighboring countries, which are also taking similar attitudes."

The president noted: "It is a rather uncontrollable situation when one of these lunatics ties a bomb to his clothes and the bomb explodes. This has happened in the center of Israel, and is happening in other parts of the world."

Menem pointed out that the Community Protection Secretariat and the Argentine intelligence service and similar international services "are working jointly to prevent incidents that we may have to regret later."

Menem emphasized: "There are attitudes and circumstances that are rather difficult to control when there are lunatics and deranged people who are causing these attacks that we are watching on television every day."

Menem also described as "rather excessive" an appropriation increase that Congress approved for the political parties.

The Chamber of Deputies Budget and Finance Committee increased an appropriation for the political parties, establishing a rate of 2.50 pesos per vote received during the last election in which the Lower House was renewed. This represents a 150-peso increase over the rate of 1.0-peso per vote that was established in the former budget.

In this regard, Menem pointed out: "There are things that bother the community and must be taken into account very carefully. But this issue must be discussed very carefully to prevent a negative reaction within our community."

Interior Minister Confirms Border Reinforcement

PY1511190894 Buenos Aires TELAM in Spanish 1538 GMT 15 Nov 94

[FBIS Translated Excerpt] Buenos Aires, 15 Nov (TELAM)—Interior Minister Carlos Ruckauf today emphasized that the reinforcement of border controls to prevent possible terrorist activities should not worry the population.

In remarks to Radio America, the minister noted: "The Security and Community Protection Secretariat in due time ordered greater border controls."

Concerning the alleged activities of fundamentalists on the Brazilian and Paraguayan borders, Ruckauf noted: "The SIDE [Secretariat for State Intelligence] received a number of pieces of information." He added: "They were sent in due time to [Security and Community Protection Secretary] Brigadier Andres Antonietti, retired."

The minister indicated that, after this data was received, a decision was made "to increase border controls." Nevertheless, Ruckauf made it clear that this "does not involve worrying the population." [passage omitted]

Petrella: Falklands To Be Recovered With 'Mature Gestures'

PY1511191094 Buenos Aires TELAM in Spanish 1321 GMT 15 Nov 94

[FBIS Translated Text] Buenos Aires, 15 Nov (TELAM)--Vice Foreign Minister Fernando Petrella today emphasized that Argentina will recover the Malvinas Islands with mature gestures that will demonstrate that the conditions are ripe for a transfer of sovereignty.

Petrella said: "The Malvinas Islands will be gradually recovered with mature gestures that will demonstrate to the international community, the United Kingdom, and the islanders that we are in a position of conducting a transfer of sovereignty."

Petrella emphasized: "We are promoting some gestures,and the United Kingdom is promoting other gestures, which involve significant messages. And I would say that Prince Andrew's visit represents a highly positive step relative to this entire problem."

As Petrella was making these remarks, Prince Andrew, the duke of York, arrived in Argentina. This represents the first official visit by a member of the British Royal House since the Malvinas war fought in 1982.

Asked if the duke of York's visit has been intended to promote a reconciliation between the two governments, Petrella noted: "It represents a sign for the world, indicating that Argentina and Europe function well and that, specifically, our country and the United Kingdom function even better."

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In remarks to Radio Mitre, Petrella stressed: "Reconciliation is being enhanced gradually. Therefore, we don't have to make things difficult, but be happy to have such an important visitor as Prince Andrew."

Asked about the challenge posed by Mario Campora, the Argentine ambassador to the United Kingdom, concerning the payment of indemnity to the Malvinas Islands inhabitants, Petrella responded: "If that is what he has criticized, he is right."

In conclusion, Petrella said: "It is not a matter of paying to gain sovereignty or indemnifying because an indemnity is paid when something has been done wrong."

Di Tella Meets UK's Prince Andrew at Airport

PY1511190094 Buenos Aires TELAM in Spanish 1526 GMT 15 Nov 94

[FBIS Translated Excerpt] Buenos Aires, 15 Nov (TELAM)—Prince Andrew, the duke of York, arrived in Argentina today. He will meet President Carlos Menem at noon today. This is the first official visit by a member of the British Royal House since the Malvinas war fought in 1982.

The duke of York arrived at 1030 [1330 GMT] today, with a 15-minute delay, at the Ezeiza International Airport, where he was met by British Ambassador to Argentina Peter Hall and Jorge Faurie, the Argentine Foreign Ministry protocol director.

At Ezeiza, Prince Andrew boarded a helicopter and went to the Jorge Newbery metropolitan airport's military zone, where he was met by Argentine Foreign Minister Guido Di Tella.

He received the honors due a head of state and, after greeting Argentine Government officials, reviewed the troops in formation in his honor. [passage omitted]

Official Discusses Flour Conflict With Brazil

PY1511193494 Buenos Aires TELAM in Spanish 2053 GMT 13 Nov 94

[FBIS Translated Text] Buenos Aires, 13 Nov (TELAM)—Marcelo Avogadro, Argentine under secretary of international economic relations, has said Brazil flour mill owners have asked the U.S. Department of Agriculture to sell them $50 million worth of subsidized wheat.

Avogadro told TELAM: "The directors of Abitrigo, the Brazilian Association of Wheat Millers, submitted this request to the U.S. Secretary of Agriculture (Michael Espy)."

He added: "The U.S. tied its conditions to the Canadian policy: If the Canadians sell subsidized wheat to Brazil, the Americans will do the same."

Avogadro explained that the subsidy amounts to $45 per tonne, almost 30 percent of the sale price. The Brazilians justified their request, claiming that "Argentine wheat is too poor to make good flour, which is not true."

The Argentine official stated: "Certain Brazilian millers are unwilling to grasp the meaning of the Mercosur [Common Market of the South]: Instead of doing the smart thing and buying cheap wheat from Argentina, they resort to aggressive maneuvers which harm bilateral trade."

He added: "The time has come to focus on trade barriers other than the customs tariffs between Argentina and Brazil, and to establish rules for healthy competition within a broad market."

Avogadro emphasized that Brazilian charges of alleged dumping of Argentine flour "are groundless maneuvers prompted by a fear of competition."

The problem emerged on 12 November during a meeting held by Argentine Economy Minister Domingo Cavallo and Foreign Minister Guido Di Tella with their Brazilian counterparts Ciro Gomez and Celso Amorim. On that occasion the ministers reviewed the list of goods exempted from the customs union.

Avogadro said the charges raised by Brazilian millers "are being dealt with at another level." He added: "The time has come to issue political instructions to the public agencies of both countries to end habits that harm the free market."

He indicated that only "two Brazilian mills levied the charges" but a landslide of similar charges is to be expected. He said: "This is just the tip of the iceberg of a major offensive."

Avogadro feels the attitude of the Brazilian millers is an ill-mannered reaction to the seminar held in Sao Paulo on 8 November during which 47 Argentine millers established direct contact with 250 large consumers.

He said: "Brazilian industrialists are afraid of competition."

Avogadro concluded: "Argentine mills became modernized four years ago and can now offer internationally competitive prices, while the Brazilians have yet to improve their technology and productivity, which would be better than building barriers."

Agriculture Secretary Denounces Brazilian Charges

PY1511175594 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1055 GMT 12 Nov 94

[FBIS Translated Text] Buenos Aires, 12 Nov (NA)—Felipe Sola, Argentine secretary for agriculture, livestock, and fishing, has stated that rumors of subsidies on Argentine flour—seeking to bring down wheat prices—were spread by Brazilian flour mills. Sola said: "The charges by the Brazilian mills are outrageous."

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The Argentine official said the production of items like wheat and beef is improving.

Sola granted an interview to NOTICIAS ARGENTINAS, during which he discussed the disagreement with Brazil over the need to stop the dumping of Canadian wheat.

He said Argentina asked its neighbor to look into the dumping of wheat by Canada in 1993, when it sold 1.4 million tons at about $105 per tonne FOB Vancouver.

Sola recalled that "in May 1993, Brazil announced it was going to double its 10 percent custom tariff on wheat, regardless of the source." He added: "This would have benefited Argentina because, as of 1 January 1995, Argentine wheat would pay no taxes at all—which would have given it an advantage. The custom tariff increase was supposed to begin in September 1993, then it was postponed until 15 October of the same year, and finally the project was abandoned."

He explained that it is "right" for the Under Secretariat for International Economic Relations to promote flour sales to Brazil, because "it is better to sell flour than to sell wheat."

Asked if agricultural indexes are showing any improvement, Sola said: "Wheat sales are showing initial signs of improvement."

He added: "Last year Canada sold wheat at $104 or $105 per tonne, but this year it will not sell for less than $140 per tonne FOB Vancouver."

Sola said this shows how the international wheat market has changed following a drop in reserves, a reduction of EU wheat subsidies, and problems with U.S. and Australian crops." [no opening quotation marks as received]

The Argentine official stated: "There is not much change as far as prices of feed grain and oil seeds go, but the situation of meat has definitely improved."

He said: "The increased demand in Brazil is remarkable. Argentine meat packing plant owners have been very quiet lately, which means they are making money."

He added: "There is a steady demand in Brazil and Chile, which helps sales of live cattle. So far this year, Argentina has sold 100,000 head of cattle, mainly to Brazil and Paraguay, and to a lesser extent to Chile." He said all types of cuts are in demand.

Sola explained: "Liver is being sold to Brazil at $1,000 per tonne, where it is sold at $2 or $3 per kg. Demand is growing as a result of the real plan, which obviously influences Argentine livestock sales."

He forecast: "The price of cattle will rise in the medium term; it has already increased considerably in provinces like Chaco and Corrientes, in the northeast."

Sola indicated that exports of dairy products—especially cheese—have grown, and the "usual flow of pork and chicken meat into Argentina is becoming reversed."

Finance Secretary Views Public Spending

95SM0049A Buenos Aires CLARIN in Spanish 30 Oct 94 pp 8-9 (economic supplement)

[Commentary by Finance Secretary Ricardo Gutierrez: "Why We Are Not Reducing Spending"]

[FBIS Translated Text] For the first time in recent decades we know what the level of public expenditure is in Argentina. For years, transactions between the government and state-run companies and between state-run companies were not recorded. Examples are spending for trips on Aerolineas Argentinas, fuel from YPF [Government Oil Deposits], electricity from SEGBA [Greater Buenos Aires Electrical Services], etc. Since these expenses were not paid for, they were not registered. Nor was the consolidated debt that is being paid off today to suppliers, contracters, and retirees entered as an expenditure, just as the thousands of rulings against the government are not applied to the original fiscal year. One must also add in the debt owed to the provinces for royalties on hydrocarbons and for other items, a debt that has now been almost completely figured in. All this means that tens of billions of pesos were not registered as expenditures for the year in which they occurred. An analysis of off-budget spending deserves separate treatment.

In the years leading up to 1992, statistics on spending were calculated based on payments that the National Treasury and other agencies made. Today all expenditures are accounted for in full and for the most part right when they are made. So historical comparisons are of little value.

We would have a valid basis for comparing public spending before 1993 if we could add to the real revenues for each year both new debt and money creation for that period. However, the exact amount of new debt is unknown, and it is very difficult to relate it to the reason it was incurred. Debt restructuring was done by asking creditors how much they were owed.

This administration restored the value of the budget, for it must be understood that this is the only instrument available to the public sector for allocating resourses rationally, exercising control over government spending, and making public finances transparent.

Over the last four years the budget has once again come to play its proper role among our institutions. Furthermore, the budget is being balanced, which means that real revenue (which does not count borrowing) tends to cover operating expenses, interest, and capital expenditures. The budget policy of the last few years has been to have the net structural debt at the end of the fiscal year equal zero. Also, a system providing information on budgetary performance has been developed and implemented, enabling the authorities to determine in real

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time at what rate public resources are being used. Today, taxpayers can find out what the government is spending their taxes on.

Government spending in Argentina, combining national, provincial, and municipal outlays, is equivalent to about 26 percent of the gross domestic product (GDP). This is an acceptable level of spending, and we feel that it is the maximum that Argentine society can tolerate while running a balanced budget and preserving the incentives to save, invest, produce, and create jobs.

In order to offer a more analytical judgment on public spending, we must first estimate its size and distribution.

In 1995 the national government plans to collect 55.267 billion pesos in revenues. These revenues will be appropriated as shown in the table below [not published with this article].

The appropriations for the provinces and social security are almost completely inelastic. Altering their structure would require amending laws or court decisions; in other words, changes here depend on action by other government bodies. The appropriations for interest payments are dependent on international treaties or bond terms, and thus they too are highly inelastic and vary only in accordance with interest rate fluctuations on the world market.

One-quarter of revenues are allocated for the national government, that is to say, the three branches of government and their agencies (police, education, health care, science and technology, roads, etc.).

From 1991 to 1994, national public spending in current pesos and on a cash basis grew by 95.1 percent for social security, 60.4 percent for transfers to provinces, and 30.6 percent for the national government. If we bear in mind that the GDP in current pesos expanded during the same period by 56.4 percent, we can see that the latter category is the only one that declined in real terms.

It is also the national government that has made the greatest effort to restructure and cut spending, given that it is somewhat less inelastic here than in the other categories.

The decisions to eliminate 16,000 vacant posts and to cut other operating expenses by 10 percent, which is significant in an election year, are recent examples of the efforts that the Executive Branch has made to trim spending.

It is also in the area of national government that the administration has shown that it has allocated funds rationally in annual budgets and that it is seeking appropriate tools to assure efficient management.

The implementation of the budget system by programs and of an integrated system for both internal and external oversight is helping to reinforce the move towards efficiency in government and, of course, toward completely eliminating any corruption.

Spending on social security and the provinces, including revenue-sharing, is dependent on constitutional provisions, laws, and court decisions that go beyond the purview of the National Executive Branch and must be dealt with by the Legislature. Nonetheless, the National Executive Branch has been drafting bills designed to overcome these institutional barriers and has been defending them before the National Congress, so that we can continue intensifying the reform of government, cut spending, save revenues, and thus eventually have a government that operates economically and efficiently.

Roberto Alemann Discusses Fiscal Problems

95SM0049B Buenos Aires CLARIN in Spanish 30 Oct 94 p 9 (economic supplement)

[Commentary by Roberto Alemann: "Public Accounts Must Be Controlled"]

[FBIS Translated Text] To Roberto Alemann, the fiscal problem confronting the economic plan has an elementary explanation: revenue went down and spending went up. The increase in spending, he told CLARIN, has to do with social security disbursements (pensions) and can be explained by the decisions that the administration itself has made, such as equalizing family allowances for active workers and retirees, boosting pensions in the power company, and introducing a series of "extras" for retirees. The dip in revenues came after private pension plans went into effect (contributions were diverted to the AFJP [pension fund management companies]) and after employer contributions were reduced. Furthermore, added Alemann, "the government did not get the increase in revenues it expected from uncovering tax evaders."

According to the former minister, the reduction in employer contributions was successful insofar as it boosted competitiveness and exports. But if the choice were up to him, he would have no doubts: "We have to bring public accounts back into balance." This may mean slowing down tax cuts, he admitted, a "very risky policy" about whose dangers "I had already warned." For starters, Alemann indicated, the announced cuts in the contributions of the commerce and services sectors could be postponed. He then pointed to another commitment that works against a balanced budget: tariff cuts and the elimination of the customs fee (to cover the cost of compiling statistics) on purchases from Mercosur partners as of this January.

On the revenue side, Alemann thinks that privatizations may still bring in "several billion," including the sale of State-held shares in companies that have already been privatized (TGS) and future privatizations.

"The problem is fiscal and will be resolved fiscally," Alemann stresses. He suggests four solutions: 1) cut spending, 2) boost revenues by tracking down evaders, 3) increase government borrowing, and 4) raise taxes. The first two are the ones that he likes. As far as cutting

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spending is concerned, he explained, the government has pinned its hopes on Article 14 of the 1995 budget, which would give it free rein to trim wherever it chose. The second course of action is the key: "We have to find the 5 million individuals who are not paying [income] taxes and the 2 million who are not paying capital-gains taxes." The other solutions are unattractive. "Creditors are already worried that they do not have the auditing of the International Monetary Fund," Alemann contended in referring to the recourse of borrowing. He clarified, however, that in his judgment "for the time being there is no danger" that international auditors will revise upwards the sovereign risk of Argentine debt. And raising taxes is out of the question: "It would have inflationary effects and decrease competitiveness."

The budget deficit in the third quarter of 1994, when annualized, comes to less than 1 percent of Argentina's GDP, a ratio that developed countries would envy. "The European Community has set a ceiling of 3 percent, and most of its members are not meeting it," Alemann cited as an example. But the situation in Argentina is different, because to the memory of hyperinflations and convertibility. This is why the former minister has the following recommendation:

"Citizens have to open their eyes and see to it that public accounts are in order."

Chronology of Fiscal 'Crisis' Published

95SM0050A Buenos Aires CLARIN in Spanish 30 Oct 94 pp 10-11 (economic supplement)

[FBIS Translated Text] The "minor crisis" is a little more than a month old. The first hint was the refusal of the two final installments of the IMF's extended-facilities loan. In spite of the assertions that the issue was not that important, traders were left scratching their heads and wondering why inexpensive funds (the proceeds of the loan) had been exchanged for more expensive ones. The pace of events then quickened, and the reasons became clearer: the budget deficit was back. The amount was modest but still showed that the economic plan had to be tightened once again.

26 September—Cavallo announces that Argentina and the IMF have terminated the loan. The reason that the minister gives: "Argentina has achieved full access to capital markets." Therefore, Argentina is forgoing the final two installments, totaling some $400 million, of the IMF loan.

27 September—Joaquin Cottani, the undersecretary of financing, explains the break with the IMF: "Although we may have to pay higher rates, what is really important is not tying ourselves to rigid quantitative goals."

28 September—In Madrid, where the annual meeting of the IMF and World Bank is being held, an internal IMF report leaks out, describing the delicate fiscal situation in Argentina: "Compliance (with fiscal targets) in the second half of the year will be difficult." The IMF questions, in particular, Cavallo's decision to extend the cut in employer contributions to commerce and services.

30 September—Menem says in Los Angeles that Argentina no longer requires the support of the IMF. In Madrid, Cavallo admits that Argentina will pay more for bank loans than IMF loans.

1 October—Cavallo acknowledges that Argentina has given up on IMF supervision and turned down the $400 million from the Fund because it did not comply with third quarter goals.

4 October—All departments of the public sector receive an order from Cavallo to cut spending by five percent for the rest of the year. The aim is to cover a budget deficit of 900 million in the last quarter.

9 October—In Ushuaia, Deputy Minister Carlos Sanchez declares that "there is no chance of losing fiscal control." He also attributes the rejection of IMF loans and monitoring to the fact that the organization's experts were demanding that the government raise taxes, which the government will not do.

12 October—U.S. Ambassador James Cheek strongly defends the economic plan and Cavallo's decision to move away from the IMF. He says that the latter decision will not undermine the confidence of foreign investors.

14 October—The General Directorate of Taxation (DGI) sends out four million letters designed to track down social-security and tax cheats between 28 and 50 years of age.

15 October—Domingo Cavallo admits that the administration is looking for a way to end the rulings which entail raises for retirees and that the pension system could suffer a collapse in financing.

18 October—It is learned that the administration will ask for a 1.5 billion peso increase in the 1994 budget to cope with the financial crisis in the retirement system.

20 October—Supreme Court Justice Enrique Petrachi says that the legal claims filed by retirees "are just."

24 October—For the first time since convertibility the Economy Ministry announces that government accounts closed with a deficit (of 664.7 million pesos) in the third quarter of the year.

25 October—Finance Secretary Ricardo Gutierrez acknowledges the budget deficit, adding, however, that many countries run deficits equal to five percent of GDP.

26 October—The Economy Ministry prepares a package of measures to stem the demands of retirees, increase the 1994 budget by 1 to 1.5 billion, and issue new debt to finance the extra spending.

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27 October—The Supreme Court suspends payments stemming from suits filed to boost pensions. The decision coincides with Cavallo's pleas, and he ascribes the budget deficit to the social-security debt.

Economists Discuss Fiscal Problems

95SM0050B Buenos Aires CLARIN in Spanish 30 Oct 94 pp 14-15 (economic supplement)

[Commentaries by economists Francisco Mezzadri, Ignacio Chojo Ortiz, Arnaldo Bocco, Oscar Cetrangolo, and Carlos Melconian]

[FBIS Translated Text]

"Spending Remains High"

According to Angeloz economist Francisco Mezzadri, the cause of the deficit is "the excessive delays in starting the second stage of government reform." What this involves, he explained to CLARIN, is the "streamlining" of government spending, "which in many cases could mean cutting spending and, at the same time, improving services." So far, however, there has been "a rise in spending, and the quality of services remains poor."

He explains this as follows: "In an economy in which the contribution of privatizations to relieving the budget deficit is disappearing, there is an inevitable need for the government to cut spending."

Mezzadri was not surprised by the decline in service due to the social-security reform, but he does caution about "the fall in revenues, in particular in VAT receipts." He would like the government to explain the reason: "A slower economy, longer delays in paying taxes, or more evasion."

Whatever the explanation, Mezzadri hopes that the "problem will prompt economically appropriate and fiscally adequate responses." He is convinced that "in spite of the differences that may exist over the social coverage of the economic program, the fact is that we cannot emerge from it except by moving forward."

He then insists again on streamlining expenditures. He says that work remains to be done on improving spending on health care and education. Mezzadri sees a difficult future: "The transition in Argentina is going to take many years because much has to be changed."

There Will Be Belt-tightening After the Elections

"A solution to the fiscal problem is more complex than the short-term measures put forward so far would indicate," says Ignacio Chojo Ortiz, Octavio Bordon's economist, noting his first impression. "Cavallo should take action now, not after the elections when the adjustment will be even more difficult. It is clear, however, that the Economy Ministry does not have the political maneuvering room to implement the necessary corrective measures."

The ability to raise tax revenues as a basic solution to the fiscal problem raises doubts in the mind of the Andean Foundation's president: "So far, the phenomenal increase in revenues has been based on bringing in the 'cream' of the old tax evaders. Today, though, when the projections are to collect from two million evaders, you are talking about a titanic job that is very difficult to perform, especially because the tax-paying capacity of these sectors is in doubt."

Among the structural factors that led to the deficit, Ortiz emphasizes the dilemma facing the administration: "While consumption generates taxes for the government, export and investment incentives do the opposite. So, if you want to replace the economic locomotive of consumption with exports and investments, which is desirable, there are profound fiscal consequences." The administration's dilemma is how to channel its spending. "We have come to a point where this policy of supporting exports and investments is up for discussion. Many people would like to lay claim to public spending."

As for the second major cause of red ink in the third quarter, the economist feels that "the administration underestimated the impact of the new retirement system."

Chojo Ortiz went on to say that "the administration has broken its rule that interest on the debt was to be paid with a budget surplus and capital amortizations with debt. Now both will be taken care of through borrowing. And this is happening at a far from advantageous international juncture. A budget deficit increases country risk, and the interest rates on loans are still rising.

Consistent with Octavio Bordon's thinking, Chojo Ortiz indicated that "there must be more efficient management of government spending, which entails serious decisions that the administration is not going to make in the near term. There is no relationship between the level of social spending and the quality of the services that people receive."

Looking towards 1995, the head of the Andean Foundation predicts: "Despite how marvelous the budget looks, I have the feeling that the announced economic-activity targets are not going to be met. I will not go so far as to talk about a recessionary year, but a slower economy yes. Austerity and a contraction in activity will clearly come after 14 May. The production and social scenario will be more fraught with conflict."

The Bordon economist's conclusion is not optimistic: "So far, we have had the three easiest years of convertibility, but that is over."

Arnaldo Bocco

Compliments for Domingo Cavallo. From the Broad Front, Arnaldo Bocco, Carlos Chacho Alvarez' economist, spoke to CLARIN about the third quarter deficit: "It has become clear that things are not going that well and that the economic situation has worsened." Bocco,

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who is far from convinced that the Broad Front will take over the Economy Ministry, asserted that "all of this is going to end in a very tough austerity policy that Cavallo will apply after 14 May. In 1995 the minister is going to implement one budget until election day but afterwards will impose harsh austerity on the provinces and the national government."

Lastly, in charting the economic outlook for 1995, Arnaldo Bocco predicted that "there will be heavier borrowing; an economy that has leveled off; growing revenue problems, and a period of harsh postelectoral austerity." As for next year's budget, Bocco indicated that the lawmakers of the Broad Front "will no doubt vote against Article 14 because it would give Cavallo indiscriminate power."

[Box, p 15]

Oscar Cetrangolo: Deficit Can be Financed, But Cutting Spending Is Very Hard

The newest development in the Argentine economy is that the budget is making headlines again. The problems that have been detected (this is not new) have to do with the deficit in the social-security system. The question is: Are we looking at short-range fiscal problems or, on the contrary, are they due to the new structure of the public sector?

First, as can be gathered from the national government's recently published balance sheet for the third quarter, the deficit during this period was equivalent to interest payments (something less than 700 million pesos). A somewhat smaller deficit is expected in the fourth quarter, given that higher interest payments will be more than offset by lower spending on personnel (Christmas bonus), the seasonal rise in capital-gains tax revenues, and some revenues from privatizations. All in all, the hope is that the budget for the year will be in balance (there was a surplus of 1.27 billion pesos in the first half).

Second, we should ask: Why did the surplus in the first half of the year turn into a deficit? Looking back in the medium term, we can see that the mild but steady rise in public spending since 1991 was less than the rise in revenues. The leveling off of revenues thus creates problems (the only tax revenues that will rise faster than GDP in 1994 will be from capital gains). If we focus on what has happened this year, much of the problem unquestionably has to do with social security. About 180 million pesos a month were lost in this connection, as they went into the capitalization system. Another 150 million pesos went uncollected because of cuts in employer contributions to improve relative prices in the economy (the "fiscal devaluation"), and the system went about 20 million pesos further into deficit because of the transfer of three heavily deficit-ridden regional funds (the Municipality of Buenos Aires, Catamarca, and Santiago del Estero). These losses were partly offset by higher revenues from the collection efforts of the DGI [General Directorate of Taxation], the new moratorium, and the hike in the rate of individual contributions (about 150 million pesos in all). The social-security deficit can be expected to rise in the future. The pressure to expand the cut in employer contributions will grow; the outlays required by the new social-security system, which suffers from the same shortcomings as the old one, will rise, and finally, more deficit-ridden provincial funds will have to be transferred to the national system.

Third, can the expenditures of the national government be reduced? Social-security outlays account for about one-third of total public spending and half of the National Government Budget. Another fourth of the budget consists of outlays that are hard to cut: transfers (to provinces, municipalities, universities, international organizations, etc.); interest payments on the debt, and capital outlays. In contrast, there is greater discretion with just 23 percent of expenditures. The almost 10 billion pesos for salaries and nonpersonal goods and services hardly allow for major savings. Included here is spending on defense and security (3.584 billion pesos).

Fourth, aside from higher capital-gains-tax revenues (a major portion of which will go into the Fund of the Buenos Aires Metropolitan Area and to the rest of the provinces), enhanced revenues will depend on the gains that the administration can point to in the VAT and income taxes. This would mean putting more pressure on informal-employment sectors, whose growing importance must be related to the structural problems in our economy, which are hard to correct in the short term given the unemployment and underemployment rates of recent years. If the national government replaces non-revenue-sharing funds with revenue-sharing monies, then it can lay claim to only part of the new revenues and will have to increase total taxation to maintain a balance.

In summary, we believe that in the short term any deficits we run can be financed. However, the signals that we are receiving from the current economic situation make us think that there is a structural deficit built into the public sector as it is currently configured. It is very difficult to reduce the current level of public spending (or even to hold it steady), and the pressures to lighten the tax burden (especially from the macroeconomy) persist.

Next year the fiscal problem will have a clear political dimension. The national government will pressure the provincial governments in various ways to reduce their tax burden (and their spending); try to avoid hikes in social-security outlays; try to undertake another government reform after the elections, and finally seek to alter the distribution of tax revenues in the national government's favor.

[Box, p 15]

Carlos Melconian: "There Will Be No Deficit in 1994"

Carlos Melconian, from M and S Consultants, says that the appearance of red ink in government finances does

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not surprise him. "Above and beyond the fantasies in the agreements with the IMF (which we promised a surplus of more than $4 billion), the only budget balance that existed was on a 'cash basis,'" he told CLARIN.

What is more, according to Melconian, Cavallo's economic policy (cutting taxes, maintaining a somewhat balanced budget, and attracting investment through profitable businesses) was and is "the antithesis of IMF economic policy, which prefers tax hikes, reduced public spending, and public savings."

In his view, the social-security problem is the result of the "virtual depletion of the fund" and would worsen if the social-security suits that the Supreme Court has suspended are successful.

To round out the fiscal picture, he mentions "the stagnation" in VAT receipts.

All of this contributes to what the economist describes as "a major fiscal challenge for 1995." So far, however, he explained, "the picture remains the same."

Why, then, is Cavallo worried?

Melconian turns to a political explanation here. "Given the fiscal implications of the suits, the demands typical of a pre-electoral period, and the leveling off of revenues, Cavallo is using the method of overstatement. By exaggerating he has gained maneuvering room, weakened sector demands, and restrained the Supreme Court."

According to Melconian, Cavallo is doing what he is doing because he is able to now (there is no fear of hyperinflation) and it will be very hard to gain approval of Article 14 of the 1995 budget, which he considers "the complement to the economic-emergency and government-reform laws."

"The administration itself admits that 1994 could close with a deficit. This means more borrowing. And convertibility, at least in spirit, does not allow for government borrowing," he told CLARIN.

Melconian is more optimistic than Cavallo himself. "1994 is not going to close with a deficit, and as far as public debt is concerned, there has never been a course of action like the one now." It is understandable, he noted, that the financial markets would like to know the price and payback period of loans, and the government's debts have an influence here, "but this is not a macroeconomic conflict."

The major challenge for 1995, he went on to say, is to generate six billion additional pesos "to pay for the structural reforms and the reform of government, which will cost three billion each." Here he points to the only fault he can find with the Economy Ministry: "Failing to explain that the social-security reform was going to be paid for by borrowing, that it carried a fiscal price."

The additional six billion will have to come from greater VAT, capital-gains, and social-security receipts, "not from higher rates," he emphasizes.

Bolivia

Opposition Parties Refuse To Attend Coca-Cocaine Summit

PY1511221294 La Paz Television Nacional Network in Spanish 0100 GMT 15 Nov 94

[FBIS Translated Text] Opposition party leaders today announced their decision not to attend the political summit summoned by the president, because of the alleged lack of a true dialogue and the government's double standards regarding the discussion of the coca-cocaine issue.

[Begin Democratic Socialism Alternative, ASD, leader Jerjes Justiniano recording] Unfortunately, the initial willingness of the opposition parties to attend this dialogue was frustrated when we discovered that the government had been officially negotiating before the international community the so-called zero option since December 1993. The government has been deliberately hiding these negotiations from the Bolivian people. It even went to the extent of promoting a false national debate with the participation of respectable national institutions. [end recording]

The opposition leaders also believe that the government's intention to seat political party leaders alongside turncoats lacking any representation at the negotiating table is an offense to democratic institutions.

Nationalist Democratic Action [ADN] leader Jorge Landivar said that the ADN will accept a dialogue with the president whenever the rules are clear.

[Begin Landivar recording] We have adopted this position in response to what we believe is the incorrect treatment of political parties and institutions. We believe this conduct is discourteous and deceitful.

We will therefore attend this dialogue summoned by the president whenever the rules are perfectly clear. [end recording]

Opposition party leaders added that within three or four days they will be issuing their alternative proposal on the coca-cocaine issue to the Bolivian Government and Bolivian society in general.

In view of the opposition's decision not to attend the political summit, the government has decided to call off this meeting.

[Begin Social Communications Minister Ernesto Machicao] If six opposition parties have refused to attend the dialogue, unfortunately it cannot be held tomorrow.

As the foreign minister has said, we hope there will be an extensive study of the issue, because all this goes beyond political partisan selfishness and political party strategies. We believe much greater responsibilities are at stake than those arguments currently being raised by the six opposition parties to justify their decision. We

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believe that drug enforcement definitely goes beyond political partisan selfishness. [end recording]

Foreign Minister Antonio Aranibar said that the coca-cocaine issue should not be limited to a ruling party-opposition party discussion, but to the achievement of a consensus through dialogue, which this time around was frustrated by the six opposition parties.

Brazil

Exit Polls Released for 12 Gubernatorial Races

PY1511203694 Sao Paulo AGENCIA ESTADO in Portuguese 1947 GMT 15 Nov 94

[FBIS Translated Text] Sao Paulo, 15 Nov (AE)—The Brazilian Public Opinion and Statistics Institute [IBOPE] has released the results of its exit polls on the gubernatorial runoff races in 12 states. Herewith the figures, which include only valid ballots:

Sao Paulo
Mario Covas (PSDB) [Brazilian Social Democracy Party]: 59 percent
Francisco Rossi (PDT) [Democratic Labor Party]: 41 percent

Rio de Janeiro
Marcello Alencar (PSDB): 56 percent
Anthony Garotinho (PDT): 44 percent

Rio Grande do Sul
Antonio Britto (PMDB) [Brazilian Democratic Movement Party]: 50 percent
Olivio Dutra (PT) [Workers Party]: 50 percent

Santa Catarina
Angela Amin (PPR) [Progressive Renewal Party]: 51 percent
Paulo Afonso Vieira (PMDB): 49 percent

Minas Gerais
Eduardo Azeredo (PSDB): 58 percent
Helio Costa (PP) [Popular Party]: 42 percent

Bahia
Paulo Souto (PFL) [Liberal Front Party]: 61 percent
Joao Durval (PMN) [National Mobilization Party]: 39 percent

Goias
Maguito Vilela (PMDB): 56 percent
Lucia Vania (PP) [Popular Party]: 44 percent

Sergipe
Jackson Barreto (PDT): 58 percent
Albano Franco (PSDB): 49 percent

Maranhao
Epitacio Cafeteira (PPR): 51 percent
Roseana Sarney (PFL): 49 percent

Federal District
Cristovam Buarque (PT): 55 percent
Valmir Campelo (Brazilian Labor Party): 45 percent

Para
Almir Gabriel (PSDB): 62 percent
Jarbas Passarinho (PPR): 38 percent

Piaui
Mao Santa (PMDB): 59 percent
Atila Lira (PFL): 41 percent

PMDB's Britto Wins Rio Grande do Sul Governorship

PY1611015794 Sao Paulo AGENCIA ESTADO in Portuguese 0100 GMT 16 Nov 94

[FBIS Translated Text] Porto Alegre, 15 Nov (AE)—With 93.6 percent of the votes counted, PMDB [Brazilian Democratic Movement Party] candidate Antonio Britto has 2,529,517, or 49.8 percent, while Workers Party candidate Olivio Dutra has 2,292,564 votes, or 45.2 percent. The number of blank votes stands at 0.87 percent, while voided votes totals 4.1 percent. Britto is thus the virtual governor-elect of Rio Grande do Sul, where 300,000 votes have yet to be counted. This number is, however, insufficient for reversing Britto's lead. Dutra rose from 34 percent in the 3 October elections to 45.2 percent in today's runoff, but his rise was not enough to cause a turnaround. The mood is one of celebration at Britto's campaign headquarters in Higienopolis in the northern part of Porto Alegre.

Cardoso Emerges as 'Big Winner' in Runoff Elections

PY1611005794 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 15 Nov 94

[Commentary by Alexandre Garcia]

[FBIS Translated Text] The Brazilian Social Democracy Party [PSDB] today won the largest number of governorships, while the Liberal Front Party [PFL] lost the largest number of them. By contrast, the PFL has the second largest bloc in Congress, only losing to the Brazilian Democratic Movement Party [PMDB], which continues to hold the majority of seats in Congress.

PFL Senator-elect Antonio Carlos Magalhaes also emerges as a winner in the elections, having masterminded the election of the Bahia governor and of a large number of deputies and senators, after defeating all his rivals in the state.

According to IBOPE [Brazilian Public Opinion and Statistics Institute], the PT [Workers Party] will have a governor for the first time, namely in the capital city of Brasilia. Although in theory this could pose a problem to President-elect Fernando Henrique Cardoso, this should not happen, because leading local PSDB leaders have endorsed the candidacy of the now Brasilia governor-elect. Cardoso also favored the PT by endorsing at a crucial time the candidacy of Vitor Buaiz in Espirito Santo.

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In light of their key political significance, late Deputy Ulysses Guimaraes used to refer to the states of Sao Paulo, Rio de Janeiro, and Minas Gerais as the Bermuda Triangle. The governors-elect of these states come from the ranks of Cardoso's party, the PSDB.

The president-elect thus emerges as the big winner in today's election. He will take office counting on the support of governors of major states and of leading parties, as a result of either alliances or support he has earned through his personal appeal and charisma. This is a result of the 3 October general elections, when several parties converged on the figure of the president-elect. This fact will make the country more governable, and will preclude the governability crises that had been so commonplace in the past.

Today's electoral outcome is a good way of celebrating another anniversary of the Republic.

Dupeyrat Views Rio Anticrime Plans, Operations

PY1411220094 Rio de Janeiro O GLOBO in Portuguese 11 Nov 94 p 17

["Exclusive" interview with Justice Minister Alexandre Dupeyrat by Isabel de Paula and Sandra Brasil in Brasilia; date not given]

[FBIS Translated Text] [O GLOBO] Why has the government decided to change the laws to fight organized crime?

[Dupeyrat] Today we have the urgent need to set up a witness protection program. People know that the main organized crime bosses are not in the shantytowns. To penetrate the organized crime's world we must create mechanisms that would break the link of solidarity prevailing in that environment, and would persuade witnesses to cooperate with justice to target the big bosses. One of the major successes in the fight on organized crime, not only in Italy but also in the United States, stemmed from persuading people who were either in the middle or on one end of that link of solidarity to testify in exchange for advantages such as a reduced sentence or even immunity. Depending on the degree to which the witness was involved in organized crime, the state will have to provide him and his family with a change in identity, work, and residence. This is paramount in Brazil. If you do not find a way to protect witnesses, you will not reach the big bosses.

[O GLOBO] In addition to that, what other news is there in the new legislation?

[Dupeyrat] We are going to regulate telephone tapping. It will, however, be much more important for us to lift the secrecy of fax messages, which criminals today use much more widely than telephone. There are devices that would allow us to do that, and it is illegal. Just as you can tap a telephone line, it is also possible to learn the content of a fax. Today one can remit dollars abroad through the dollar cable system.

[O GLOBO] Could that be approved by Congress and enforced during the Franco administration?

[Dupeyrat] If there is a popular outcry, and it is understood that these measures will enable the courts to expedite the prosecution of criminals and to bring big bosses to trial, I believe that could happen.

[O GLOBO] Is there any connection between the Rio de Janeiro drug traffickers and the Italian Mafia?

[Dupeyrat] I think so. My conclusion is that criminals do not commit just one type of crime. They get organized and move from one crime to another.

[O GLOBO] Is the government planning to turn to international police forces such as Interpol if there is a suspicion that there are Mafia ramifications in Rio de Janeiro?

[Dupeyrat] That cooperation always exists. I cannot go into the details of an investigative nature. I have adequate general information that allows me to draw those conclusions. I have no specific information about a link between the Rio de Janeiro traffickers and the Italian Mafia or Camorra.

[O GLOBO] Has the Army-led military-police operation already started in Rio de Janeiro?

[Dupeyrat] It has started as far as intelligence work is concerned. In practice, police forces have already been working for some time under the Army's coordination, for the upcoming elections. It is not possible to do two things at one time.

[O GLOBO] Have you received reports about connivance by the Federal Railway Police with smugglers?

[Dupeyrat] If smuggling operations are being conducted through the railway system, there must obviously be a loophole somewhere. I intend to tighten police efforts and to review personnel to prevent that from happening.

[O GLOBO] What is the main difficulty being faced by the single military command to implement anticrime operations in Rio de Janeiro?

[Dupeyrat] The major problem we are facing in Rio de Janeiro is the overlapping of jurisdictions. The state does not have a security secretariat. Today, responsibility for ensuring public security is shared by four secretariats. In January we will have a new administration, which will have to create a public secretariat under a single command, following a military structure. The secretariat will not work if it lacks hierarchy and order.

Federal Police Begin Antinarcotics Effort in 2 States

PY1511190394 Sao Paulo FOLHA DE SAO PAULO in Portuguese 11 Nov 94 Section 1 p 7

[By Claudio Julio Tognolli]

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[FBIS Translated Text] Federal Police began operations to check Sao Paulo cocaine traffic to Rio de Janeiro slums.

Police Inspector Roberto Precioso Jr., head of the Drug Enforcement Division [DRE], has revealed to FOLHA DE SAO PAULO that the latest investigation made by the DRE indicates that from 80 percent to 90 percent of all cocaine sold in Rio de Janeiro is received from Sao Paulo.

Precioso, who is deemed the mastermind behind drug enforcement efforts in Brazil, said that "at least three large operations" seeking to arrest drug traffickers are under way in the interior of Sao Paulo State.

He added: "We are conducting intelligence services and already know who has been sending the drug to Rio de Janeiro." Precioso only revealed the name of one of those drug traffickers: Antonio Motta Graca, aka Curica. He allegedly controls 40 percent of the overall cocaine shipments arriving in Rio de Janeiro.

Federal Police have at least 10 court permits to tap the main Sao Paulo drug traffickers' telephone apparatuses.

Campinas, Ribeirao Preto, Marilia, Piracicaba, and Sorocaba—all in the interior of Sao Paulo State—are cities included in the drug route.

Roberto Precioso has pointed out that the drug that reaches Rio de Janeiro is bought "by groups that are allied to foreigners, who normally finance the purchases."

According to Precioso, the drug comes from Bolivia in small planes (generally Cessna 410 planes) that land on farms in the interior of Sao Paulo. Then it is taken to Rio de Janeiro by trucks.

Precioso said that the profile of drug traffickers and of drug trafficking routes has been changing "by the day." According to him, "lots of people who prospected for gold in Mato Grosso do Sul State are now working in cocaine trafficking."

Precioso said that the word "route" is a commonplace. "What we call a drug trafficking route does not exist because the itinerary changes daily."

Army Investigating Rio Traffickers' Strongholds

PY1511202794 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Nov 94 p C4

[Article by Marco Uchoa]

[FBIS Translated Text] Rio de Janeiro—The Eastern Military Command (CML) has not yet finished mapping the main Rio de Janeiro hills, an effort that will provide an estimate of the firepower—men and weapons—of traffickers. According to preliminary information, however, 2,696 traffickers are fitted with Brazilian-made FAL rifles, U.S.-made M-16 and AR-15 rifles, Russian-made AK-47 rifles, German-made HK-22 rifles, Ruger pistols, Israeli-made Uzi submachine guns, and German-made HK-33 submachine guns—which are used by the Air Force and the Federal Police. Ten hills appear to have the best armed men.

The Alemao complex, which is formed by 11 ghettos under the command of Ernaldo Pinto de Medeiros, aka Ue, has the largest number of "guards": 122. This information was passed on to the CML by the PM [Military Police] secret service. Ue also commands drug trafficking in Juramento hill—which ranks second, with 70 armed men—in the Adeus and Primavera hills, and in the Para Pedro ghetto. Ue has a total of 215 armed men.

The Alemao complex "army" has 10 different types of rifles, submachine guns, shotguns, grenades, and noise bombs. At Dende hill, in Ilha do Governador, the gang of Romildo Souza Costa, aka Miltinho, has 60 "guards." Jacarezinho hill, in northern Rio de Janeiro, ranks fourth in terms of weaponry.

Traffickers Israel, Lambari, Rogerinho, and Cid Paraiba have 55 armed men. "When there are problems on a hill, allies from other hills usually lend weapons," says military policeman Rodrigo Cesar de Medeiros, who is engaged in operations in the northern zone ghettos.

The Mineira hill, in downtown Rio de Janeiro, is guarded by 45 armed traffickers who protect the drug dealers' spots under the command of Macumba, Fofao, and Claudinho. At the Anadarai hill, in Tijuca, in northern Rio de Janeiro, there are 42 men under the command of Carijo. In Rocinha, in southern Rio de Janeiro, Eraldo and Zito have 40 armed men. The same number of men are under the command of Mao at the Sao Jose Operario hill, in Jacarepagua, and in the Parque Uniao ghetto in Bonsucesso, which is managed by Cascudo.

The CML is also completing an x-ray of the main drug supply spots. Based on information supplied by the Civil, Military, and Federal Police, the military have already detected 137 drug posts in 158 hills, ghettos, and residential complexes. The military already know that there are 344 drug posts operated by 4,856 people. Drugs are sold by 744 persons, with the help of 1,413 "informers."

Monthly drug sales of two tons account for $15.6 million, of which cocaine accounts for 1,347 kg per month; 450 kg are sold through wholesale operations and the rest through retail operations. Marijuana sales reach 671 kg, of which 208 kg is sold in wholesale operations. Ue is the most powerful man in terms of weapons and drug sales. His monthly drug sales reach 160 kg of cocaine and 65 kg of marijuana.

Comment on Miami Summit Meeting Prospects

Alfonsin, Abdenur View Prospects

95SM0056A Sao Paulo GAZETA MERCANTIL in Portuguese 28-30 Oct 94 p 5

[Article by Cynthia Malta: "'Miami Meeting Will not Change Anything. Time Is Short, City a Bad Choice'"]

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[FBIS Translated Text] Sao Paulo—"The meeting in Miami is not going to be very important. It will not change anything for us. Time is short, and the city selected is an extremely bad choice." That is the opinion of former Argentine President Raul Alfonsin, who was in Sao Paulo yesterday and discussed, among other things, the meeting that U.S. President Bill Clinton is going to have with his Latin American colleagues in Miami this December.

Alfonsin is a special guest at the Second Mercosur [Common Market of the South]-NAFTA Forum being sponsored by the University of Sao Paulo (USP) at the headquarters of the Latin American Parliament in Sao Paulo. He believes that the so-called Miami summit will not result in the announcement of measures with any impact—such as, for example, a proposal to revive the idea of expanding NAFTA (a northern free trade area formed by the United States, Canada, and Mexico) to include the rest of the continent.

"We cannot go to Miami thinking that we are going to make big progress regarding our integration with NAFTA. We must be pragmatic and recognize that nothing is going to happen at the Summit Meeting of the Americas," the former Argentine president noted. He was responsible for initiating the integration process between his country and Brazil. His Brazilian counterpart was then President Jose Sarney, who, although he had confirmed that he would attend, did not appear at the forum yesterday.

Brazil's acting minister of foreign affairs, Ambassador Roberto Abdenur, agreed with the former president of Argentina. "Brazil is not indifferent or negative toward NAFTA, but we have never had any hope of seeing NAFTA opened up to Brazil or Mercosur quickly," the ambassador said. "We do not want to be an appendix to NAFTA," he continued, pointing out that Brazil's priority at the moment is the "building of Mercosur."

"Brazil's posture is pragmatic. A free trade zone on the continent is desirable, but not feasible in the short term," the acting minister said. Abdenur believes that integration of the American countries "will come about not from North to South but from a convergence of the various integration processes. And the faster Mercosur moves toward the formation of a free trade zone in the Southern Cone, the stronger our position in that process will be."

Alfonsin and Abdenur both noted that the United States is facing touchy domestic problems. Alfonsin pointed out, for example, that the fact that Miami had been chosen to host the Summit Meeting of the Americas could be harmful. "The issue of Cuba may stifle the debates," the former president said, referring to the fragile diplomatic relations between Bill Clinton and Fidel Castro, the Cuban leader who in Miami especially is fiercely criticized by political exiles and refugees. Cuba has not been invited to the Miami summit meeting.

The Brazilian ambassador pointed out that Clinton has been having trouble getting his bills passed in Congress, mentioning specifically NAFTA and ratification of the agreements reached at the Uruguay Round of GATT, which, among other things, established the World Trade Organization (WTO). The Second Forum ends today.

Other Comments

95SM0056B Sao Paulo GAZETA MERCANTIL in Portuguese 28-30 Oct 94 p 5

[Article by Sandra Gomide: "Meeting May Be Beneficial to Latin Americans"]

[FBIS Translated Text] Sao Paulo—The Summit Meeting of the Americas, which will be held in Miami in December, will be a good opportunity for Latin America to familiarize itself with and understand the U.S. Administration's international policy and its rules for developing countries. "Any opportunity for dialogue with the United States must be taken advantage of," said the Brazilian ambassador to Germany, Francisco Thompson Flores Neto, who was participating in the Second Mercosur [Common Market of the South]-NAFTA Forum in Sao Paulo.

The ambassador believes that the meeting with the United States will be beneficial to the Latin American countries by making it possible for them to learn more about what he called "the international background." According to him, the fundamental issues defining that "background" are the U.S. posture toward the future World Trade Organization (WTO), international financing, the functioning and rules of the IBRD [International Bank for Reconstruction and Development] and the IMF, and an issue that is considered quite touchy: technology transfer.

In the opinion of Prof. Jose Augusto Guilhon Albuquerque, coordinator of the forum, the topics proposed by the United States for debate (drug trafficking, the environment, and democracy) are very generic and simply a reflection of that country's domestic problems. He said: "The Latin American countries want to add social and economic issues to the agenda."

Article Examines National Nuclear Energy Program

PY1511012694 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Nov 94 p A2

[Article by former Education Minister Jose Goldemberg from the "Open Space" page: "The Future of Nuclear Energy in Brazil"]

[FBIS Translated Text] Fernando Henrique Cardoso's government program does not view the role of nuclear energy in the country, and avoids referring to the embarrassing problem of the Angra dos Reis nuclear plants.

Nuclear energy is, however, an important problem, a solution to which has been put off since the beginning of

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the 1980's. The new president of the Republic is expected, therefore, to try to find solutions to some of the most serious problems affecting this area, even though the issue has not been included in his government program.

The reality is that Brazil does not have one, but three nuclear programs, and that each one of them calls for a different solution.

The first one refers to electricity production through nuclear reactors. As a matter of fact, this is the only real nuclear energy problem. The second refers to the Navy nuclear reactors used to propel submarines, which represent a very particular use of this sort of energy. The third is the one having to do with research and development. Also included here is the need to increase knowledge about the nuclear field without worrying about its immediate uses, such as submarine propulsion and electricity production.

Nuclear energy use for objectives other than energy production—such as, for example, the use of radioactive isotopes and radiation in medicine, industry, and agriculture—is an activity that has come to stay. Even countries such as Italy, which decided to give up producing electricity with reactors, still use nuclear energy intensively for non-energy objectives for the benefit of their societies.

The problems of Angra dos Reis have little to do with scientific and technological development: They are engineering problems that can currently be considered to be of a conventional or financial nature. All possible mistakes have already been made in this area, and they have cost Brazilian taxpayers a great deal. The grandiose idea of installing a huge nuclear industry in Brazil, good enough to compete with Germany and France, has already failed. What was left of it was the need to finish Angra-2, the equipment for which has already been purchased. The government has already spent $4 or $5 billion on Angra-2, and for nearly $1 billion more, Furnas Electric Power Plants, Inc. proposes solving the problem. This is probably what should be done.

Linked to this program is the role to be performed by Brazilian Nuclear Industries (INB), which must seek the conditions for producing fuel for the Angra nuclear reactors.

The Navy's current program clearly has no military connotations, in the sense that it is not aimed at manufacturing nuclear weapons. If instead of diesel engines the Navy has decided to use nuclear energy to move its submarines, it will have to pay for it. The program has a natural headquarters—Aramar—which tends to pull together the activities required for nuclear submarine propulsion. Brazilian industry is, however, diversified and qualified. Whenever the level of production of some of these products calls for it, the Navy must give up this work and hand it over to private entrepreneurs. In a way, the Navy is already doing that. The activities currently being conducted at Aramar must be comparable to those at the Arsenal da Marinha [Navy's central base] in Rio de Janeiro, where conventional submarines are built, and not to those at the old, all-encompassing model of the Brazilian Nuclear Corporations, Inc.

The third program, which involves the scientific and technological development of the nuclear area, has been very much affected by other programs. All goals are of the medium- or long-term kind in this area, and all innovations should be concentrated in it. This is why the current Institute for Nuclear and Energy Research (Ipen) was established in Sao Paulo in 1956—i.e., almost 40 years ago—and other similar ones in Rio de Janeiro and Belo Horizonte. These institutions must now be transferred to the Science and Technology Ministry or to universities, where research can be understood better and the concepts of research and production are no longer confused.

In these institutions it would be possible, for example, to investigate new processes for isotopic enrichment, to conceive new nuclear reactors that prove to be intrinsically more secure, and to produce new medicines containing radioactivity, instead of worrying about routine production activities. The transfer of these activities to the industry should be promoted so as to preserve already achieved technological development and ensure access to their benefits for all strata of society. We must ensure, however, that this transfer does not have the characteristics of a monopoly transfer. The routine production and processing of radioactive materials for medical use are examples of activities that could be transferred to industry and treated on a commercial basis, as is the case in various countries, once the acquisition of the technological know-how can be ensured.

The National Nuclear Energy Commission [CNEN] should be reorganized in accordance with the characteristics of the Brazilian Space Agency, which has been recently established to perform this role in the Brazilian space activities area. CNEN should then coordinate the country's overall nuclear activities, which are subdivided into these various programs, and should also be in charge of ensuring safety at the nuclear and radioactivity protection facilities and authorizing these facilities to go into operation.

Economic Advisers View Needed Structural Reforms

95SM0026A Sao Paulo EXAME in Portuguese 12 Oct 94 pp 20-22

[FBIS Translated Text] The first-round election of Senator Fernando Henrique Cardoso as president of the Republic has certainly given the economic stabilization program a powerful boost. Chosen by the overwhelming majority of the electorate, receiving almost 50 million votes, Fernando Henrique won a resounding victory. Although his allies did not settle the account in the first

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round in important states like Sao Paulo, Rio de Janeiro, and maybe Rio Grande do Sul, Fernando Henrique's performance at the polls was unprecedented in this country's history. He beat his opponent Luis Inacio Lula da Silva of the PT [Workers Party] in all the most important states, so thoroughly that it made a runoff unnecessary. In short, the winner was the man who, during his journey through the foreign relations and finance ministries and afterward during the campaign, showed he had the most accurate perception of the transformations that had occurred on the international scene, understood the requirements of the Brazilian economy, and was able to put together a political structure to make his ideas viable. With those qualities, Fernando Henrique Cardoso defeated with a single blow outdated leftist ideology, retrograde nationalism, and economically irresponsible developmentalism. "Brazil has matured, has shown that it is a mentally developed country; what we have to do now is end the injustice," Fernando Henrique said on election day.

"The election of Fernando Henrique in the first round gives us more time to put things in place before the inauguration," said economist Edmar Bacha, special advisor at the Ministry of Finance and one of those who may keep his job in the next administration. To the economic team, "putting things in place" means getting ready to carry out structural reforms in the legislation that provides support for price stability. It will require sustained effort, something Fernando Henrique himself admitted during the election campaign. "We are talking about reinventing Brazil, a job that will take a lot of time and require persistence by the administration," said Bacha. "It would really take two administrations."

Some of the items on the reform agenda include removal of the obstacles to foreign investment found in the present Constitution, complete reformulation of the tax and social security system, and a revision of legislation to make it possible to accelerate the privatization of state enterprises, even in areas like telecommunications and petroleum. "It is only with those reforms, which will ensure fiscal equilibrium in the future, that the *Real* Plan can survive over time." said economist Eduardo Giannetti da Fonseca, a professor at USP [University of Sao Paulo]. "Without them, the new currency would look like just another monetary trick, like others that were attempted in Brazil but did not work out."

The urgency of the reforms can be measured by the prediction of government economists that next year's budget deficit will be about 6 billion *reais*. This is the kind of shortage that would be created in 1995 by a continuation of the "salary isonomy" policy for government employees and the growth in Social Security system expenses. To the economic team, the prospect of this deficit makes it urgent to resume the privatization process. "It is the sale of government companies that is going to generate the resources we need until we can complete the other reforms in the legislation," Bacha said. In the view of the economists at Finance, restructuring the Social Security System, and even the tax system, will not relieve the administration's cash situation over the intermediate term. "In some cases, as in the case of taxes, the initial impact of the reform will be a reduction in government revenues," said Bacha. "That is why privatization will be essential to ensure fiscal equilibrium."

The advantage of Fernando Henrique's election is that he is the politician most committed to carrying out that list of reforms. His closest personal and political advisors have already been working on assembling a package of initiatives intended to tackle that agenda. It is in that inner circle that ways are being studied to amend the Constitution in a process that will probably begin in the first half of next year. There are some measures, however, that can be voted on and adopted even before 1994 ends. This is the case with the new law on public utility concessions, a draft of which, authored by Senator Fernando Henrique, is awaiting passage by Congress. "All the privatizations planned for the electric power sector depend on passage of that law," an advisor to the president-elect said. He is working to organize the list of changes in legislation. It is possible that if a decision is made to call the Senate back into session in the coming weeks, Fernando Henrique himself will take command of the voting on that kind of subject matter, so as to clear the way even before his inauguration.

Cheaper Fuel

Another issue that lies ahead is the need to circumvent certain obstacles that have arisen in the battle against inflation. All the economic consultants and leading inflation research institutes are working on the assumption that there will be an acceleration in prices in the coming weeks. This is nothing unusual. It is estimated that the INPC [National Consumer Price Index] calculated by the IBGE [Brazilian Institute of Geography and Statistics] may rise by 2.5 percent this month, one point more than in September. The reason in the higher prices of some industrial inputs, besides adjustments that occurred in the prices of food and clothing. "The international economy is heating up and that has been causing quotations for some commodities to increase," said businessman Sergio Haberfeld, president of Toga, a packaging manufacturer. Included on this list are petrochemicals, paper and cellulose, and metals, such as aluminum.

The administration is not worried about those challenges. "We have all the tools we need to deal with the pressures on prices" said Gustavo Franco, the economist who heads the Central Bank's international department. In fact, even before companies began to feel the pressures on their costs, the Ministry of Finance announced a widespread reduction in import duties on inputs and finished products. On another front, thanks to a reduction in petroleum prices on the world market and an exchange policy that boosted the value of the *real* in relation to the dollar, it became possible to announce a reduction in fuel prices right after the elections. Gasoline, alcohol, and fuel oil dropped by 2 percent. The price

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of bottled gas for cooking fell by 4 percent. This is the first time anything like this has happened in Brazil as a result of a government initiative, and the reduction in fuel prices will certainly soften the effect of increases in other products.

In any case, the *real* has already shown signs that it is not particularly sensitive to pessimistic predictions by its opponents. From the outset people said, for example, that the economic plan would hurt wages. Then they noticed a significant increase in purchasing power due to the end of the inflation "tax." It was also said that the one-to-one parity between the *real* and the dollar was unsustainable. But, in the meantime, we saw that the *real* is tending to appreciate even further. People speculated about a likely debacle in exports. But August witnessed record sales to other countries: more than $4 billion, the highest figure since statistics on international trade have been kept. It was hinted we might experience some sort of "black September" because of wage demands. But no occupational category has so far won wage increases higher than provided for in the law. In short, the *Real* Plan has already demonstrated that it is more substantial than its opponents would have liked it to be during the election campaign. Now that Fernando Henrique has been elected president of Brazil in a crushing first-round victory, the prospects are even better.

Colombia

Amnesty International Invited To Establish Office

PA1611003894 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 15 Nov 94

[From the "National Newscast"]

[FBIS Translated Text] The secretary general of Amnesty International is on his first visit to Colombia. Amnesty International has been invited by the Samper administration to establish a permanent office in Colombia. In the opinion of Amnesty International, Colombia is among the countries of the world in which human rights are most often violated.

Amnesty International Secretary General Pierre Sane says impunity is the leading reason behind human rights violations in Colombia. Nevertheless, he was also hard on the guerrillas.

[Begin Sane recording, in English fading into Spanish translation] Amnesty International strongly condemns the actions perpetrated by armed opposition groups—namely, the murder of noncombatants and civilians; the taking of hostages; and, specifically in Colombia's case, the indiscriminate planting of bombs that kill people. [end recording]

In addition to its detailed criticism, Amnesty International has proposed the creation of a truth commission that to oversee and monitor the conflict in Colombia. [Begin Sane recording, in English fading into Spanish translation] The details of this commission's founding principles will have to be agreed upon, but, basically, the commission will seek truth and justice, and it will ensure that victims of violence receive compensation. [end recording]

This proposal will certainly be a part of the report on the state of peace in Colombia, which the government will present Thursday [17 November] to the Colombian people.

Mayors Deny Charges of Ties With Rebels, Traffickers

PA1611023494 Santa Fe de Bogota EL TIEMPO in Spanish 14 Nov 94 p 10A

[Report by Nancy Villescas]

[FBIS Translated Text] Paipa, Boyaca—The nation's mayors have described as a "death sentence" a report issued by the Judicial and Investigative Police Directorate [Dijin] accusing 55 of them of having ties to guerrillas and drug traffickers.

During the closing meeting of the second special session of the Federation of Colombian municipalities, the mayors signed a statement denying the accusations and adding the following:

"We hereby state that the media and the state security and intelligence agencies, which have made unfair accusations, will be held responsible for anything that might happen to our fellow mayors mentioned in this report."

In their document, the mayors say the regular system of justice should determine whether or not there is any truth to the Dijin report. They claim that the election of mayors, which has proven to be the clearest expression of the people's sovereignty and tangible proof of the participative and democratic system, cannot simply be dismissed out of hand.

Pasto Mayor-elect Antonio Navarro Wolff, although he was not invited to the meeting and learned of it through the news media, said "reckless accusations" should not be made. He added: "The government cannot say that only the guerrillas voted. We reject all of these unfounded charges."

Santa Fe de Bogota Mayor Jaime Castro thinks the media should not be blamed, because the responsibility must be borne by the officials who gave the media a confidential document.

Barranquilla Mayor-elect Edgar George said: "All kinds of charges have been leveled at me. The news media have made all kinds of comments, which then spread and endanger the lives of mayors. The government, however, is eminently responsible for this situation."

Pauselino Camargo, the mayor-elect of Cucuta and originator of the proposal that led to the report, said the

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document is a draft and that, should anything happen to him or any one of his colleagues, "the media and the government will be to blame."

Sogamosa Mayor Gustavo Suarez said the government should explain the grounds for such public accusations. "If we are subversives, then let them take us to court," he said.

Orlando Chicunque, the mayor of La Candelaria, Huila, said the report is untrue, and he added that, although only the name of his town and not his own was mentioned, he feels implicated. He said he is not linked to the guerrillas and that his candidacy was endorsed by the Conservative Party.

Riohacha Mayor Luis Gomez Pimienta said he is a former M-19 member, but this does not mean his election can be dismissed.

The document issued by the mayors was approved unanimously. Part of it says: "To return to the past, when some of the still-existing problems were more serious, is unthinkable. We are determined to advance and never take steps backward."

Bateman Group Blamed for Attack in Rio Frio

PA1611000794 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 15 Nov 94

[From the "National Newscast"]

[FBIS Translated Text] According to Army and Administrative Department of Security intelligence reports, the Jaime Bateman Group [which has claimed responsibility for the abduction of television personality Alfonso Lizarazo] is composed of approximately 100 dissidents from the peace process with the M-19 [19 April Movement] and the Popular Liberation Army. This guerrilla group operates in northwestern Valle del Cauca Department, northern Cauca Department, and on the border of Quindio and Tolima Departments.

The Bateman Group has been blamed by Valle authorities for the 13 September armed occupation of Rio Frio Municipality in central Valle del Cauca, which resulted in one person being wounded and millions in losses.

Ecuador

Palacios Gonzalez Appointed Health Minister

PA1011165294 Quito Voz de los Andes in Spanish 1200 GMT 10 Nov 94

[From the "Voz de los Andes" newscast]

[FBIS Translated Text] The Ecuadoran President's Office has confirmed that Guayaquil cardiologist Alfredo Palacio Gonzales—current director of the 2d regional Ecuadoran Social Security Institute—is the new health minister. Palacio Gonzalez will try to incorporate intensive therapy into the Ecuadoran health system and will take office as soon as the president returns to Ecuador.

Colombian Cartel Dissidents 'Behind Kidnappings'

95SM0033A Guayaquil EL UNIVERSO in Spanish 18 Oct 94 p 17

[FBIS Translated Text] Quito—Police sources state that the gangs of kidnappers which have been operating in Ecuador for the past several months are led for the most part by Colombian criminals. These criminals are remnants from the drug cartels which were broken up by the Colombian authorities.

The testimony of eight persons charged by the authorities with being implicated in several kidnappings provided evidence that the organizations involved in kidnapping and extortion are led for the most part by Colombian nationals. For each kidnapping the gangs enter into contracts with different persons employed as chauffeurs, cooks, or domestic servants.

To evade dragnets by the authorities, the leaders of the gangs use different strategies, which vary from one kidnapping to another.

At present Ecuador is being used as a place of refuge for what previously were gangs linked principally to the Medellin cartel and other groups of narcotics traffickers. After they were broken up in Colombia, they transferred their activities to this country.

At the national level an average of 10 persons are kidnapped each month. Added to other criminal statistics, this makes Ecuador one of the most dangerous countries in South America.

The efficiency of the gangs shows their enormous operational and technological capacity. As they have wide experience in kidnappings, they have practically cancelled out the efforts of the police and the armed forces.

Mobilization Decree

In view of the emergency caused by crimes of this kind the political authorities of the country recently issued a decree mobilizing the armed forces so that they might exercize immediate control at the national level.

Despite their efforts the lack of specific training of military o73 personnel, who are prepared for war but not to fight against crime, suits the activities of the kidnappers over the long term.

Furthermore, the activities of the criminal gangs are facilitated by an internal crisis facing the police. A lack of budgetary support prevents the police force from carrying out projects for an overall program of restructuring.

To counter this imbalance, the high command of the police force will ask the government to authorize an

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increase in its strength from 16,000 to 24,000 personnel and to procure four helicopters for the police to provide cover for air to ground operations. Helicopters have demonstrated their effectiveness in Venezuela, Mexico, and Argentina. In this respect it is also planned to expand from one to two years the training courses for personnel assigned to the general staff of the police force.

Major Reorganization for Social Security Planned

Crisis Explained

95SM0032A Quito EL COMERCIO in Spanish 3 Oct 94 p B1

[Article by Milton Arroba; first paragraph is editorial introduction]

[Text] Changes in the social security system are urgently needed. The Ecuadoran Institute of Social Security [IESS] only needs 6,000 employees. It takes 52 steps to open a social security account.

There is no longer any question about the social security system in Ecuador. Everyone knows this, whether or not they are affiliated with the IESS. A single figure illustrates the crisis. The annual deficit of the institute amounts to 163.432 billion sucres.

Expenditures amount to 1,124.589 billion sucres. Receipts total 961.157 billion sucres.

One of the causes of the deficit is the huge size of the bureaucracy administering the system, which went up from 5,898 employees in 1975 to 17,000 in 1994. Administrative costs amount to 136.234 billion sucres.

The idea is to simplify the structure. 150 branch offices will be eliminated, together with their managers. By December 1994 4,741 surplus employees will have to go. These would be in addition to the 1,148 employees who have already resigned. A total of 808 vacancies have been eliminated, and contracts covering one year of service have been terminated. In the future no additional persons will be employed by the institute.

According to an internal, technical study, the IESS needs a maximum of 6,000 employees throughout the country. By 1996 5,500 more workers will be dropped from the employment rolls.

This will make it possible to broaden the coverage. Today only 1.8 million Ecuadorians are insured under the IESS system. The rest of the population has no social security protection.

Services are in a state of chaos. Those approved for coverage o73 under the system wait for months before they are insured. Processing cases involving retirement, dismissal from jobs, and widows' claims takes two years or more to be completed. Documents go from floor to floor of the headquarters building. When they are ready to be signed, they return to the window through which they were originally submitted.

To collect a pension or to pay into the system, you have to wait in line from early in the morning.

However, all of this will change. The IESS will contract for services with the financial system. Banks will provide the reserve funds, pay pensions, and repay loans. And they will receive the contributions of the 70,000 people voluntarily enrolled in the system who go to the payment windows each month.

And the medical service? To receive treatment by an IESS medical specialist, members of the system wait for about three months. They wait for one or two weeks more to obtain the medicine prescribed.

To solve these problems, the IESS will contract for the services of the same medical personnel, who will work eight hours a day, instead of four. In the same way hospitals will operate 24 hours a day.

A new system for the supply of medicines will be established, through the private pharmacies throughout the country. The objective is to eliminate, root and branch, a costly monopoly for the distribution of medicine. For example, at present the IESS owes 8.0 billion sucres to a single pharmacy in Guayaquil.

Shares of Stock Will Be in Private Hands

Regarding the policy of disinvestment, the IESS has decided to sell all of the stock which it has in various companies. Cementos Guapan [Guapan Cement Company], the Hotel Quito, Ingenio del Norte (IANCEM) [Northern Milling Company], and Ingenio San Carlos y Fabrica de Estructuras [San Jose Milling Company and Structures Factory], where the IESS has a majority stockholding, will be privatized. Which companies are profitable? In 1993 the IESS received dividends from Cementos Guapan [Guapan Cement Company] (1.386 billion sucres), the Hotel Quito (144 million sucres), IANCEM (136 million sucres), and Ingenio San Carlos (138 million sucres).

Hundreds of parcels of land, houses, and buildings owned by the IESS throughout the country will also be sold. This real estate entails losses.

According to Alberto Cardenas, minister of social welfare, the tenants of some IESS buildings which contain five or six apartments, pay 200 sucres a month in rent (Yes, 200 sucres.). There are cases of persons renting complete houses belonging to the IESS who pay no rent. Many pieces of land are simply o73 useless.

The resources which the sale of this real estate will generate will be turned into profitable investments.

During 1994 the IESS invested 120 million sucres in the stock exchange; 10 million sucres in the BNF [National Development Bank]; and 22.0 billion sucres in U. S. dollar denominated bonds. This capital brings in an annual return of 10.0 billion sucres.

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Minister Comments

95SM0032B Quito EL COMERCIO in Spanish 3 Oct 94 p B1

[Interview with Social Welfare Minister Alberto Cardenas; date and place not given; first paragraph is editorial introduction]

[Text] Is the crisis insoluble? For many years public opinion—and, of course, everyone affiliated with the IESS—has complained about the social security crisis. The problem is organizational and financial, but the IESS has had political problems from the beginning. In the following interview Alberto Cardenas, minister of social welfare, recognized that there is no easy way out of the difficulties facing the IESS.

[EL COMERCIO] What is the future of the IESS [Ecuadoran Institute of Social Security]?

[Cardenas] I will be frank. I do not know what is going to happen to the institute.

[EL COMERCIO] But you are the president of the Executive Council of the IESS and should know what the plans are.

[Cardenas] I am between a rock and a hard place. My idea is to save the IESS.

[EL COMERCIO] How will you do this?

[Cardenas] By a total reorganization which will provide for the health of those affiliated with the system and an honorable pension to allow retired personnel to live decently.

[EL COMERCIO] What is the basic problem?

[Cardenas] Inadequate financing.

[EL COMERCIO] Please explain this.

[Cardenas] The IESS receives the equivalent of 12 pensions of 70,000 sucres and pays out 28 pensions of the same value. There is no money to cover benefits (which are low). The medical service is very bad. The percentage of people on pension is high, relative to the number of persons affiliated with the system. Expenditures are greater than investments. o73

[EL COMERCIO] In terms of contributions alone the IESS receives 580 billion sucres a year. That figure makes it difficult to accept the idea that it faces a financial problem.

[Cardenas] The remaining life expectancy of people retiring, after 30 years of service and at age 55, was 10 years in 1942. Today it is 22 years, on the average. That situation implies greater expenditures for the IESS. There is a total of 70,000 voluntary members, who pay in less and demand the same services. We pay the equivalent of 16 salaries a year. This has caused an economic disaster.

[EL COMERCIO] If the problem is financial, why sell the profitable companies belonging to the IESS?

[Cardenas] That is not the case. For example, the Hotel Quito is worth 30 billion sucres and produces only 144 million sucres in dividends annually. That amount of capital, invested in the financial system, can earn a return of more than 10 billion sucres a year.

[EL COMERCIO] Why does the IESS not collect from the state what the state owes it?

[Cardenas] When the consolidation process is completed, the state will have to pay.

Restructuring Goals Explained

95SM0032C Quito EL COMERCIO in Spanish 4 Oct 94 p B3

[Article: "New Law Will Save the IESS"; first paragraph is editorial introduction]

[Text] The goal is to change the present structure of the IESS through decentralization, eliminating administrative inefficiency and automating the system.

No one is unaware of the fact that the Ecuadorian Institute of Social Security (IESS) is on the verge of collapse.

There is a tangled mess of legislation affecting the IESS, including 50 laws, 173 regulations, and 800 resolutions. The alternative is to draft a modern social security law adjusted to the realities facing the country. The government will try to do this.

This will make it possible to change the present structure, eliminate administrative obsolescence, and computerize the structure. At present they add up figures with pencil and paper, and, what is worse, there is no accounting system.

The goal is to collect on loans and improve service. Cumulative, unpaid debts owed to private parties amount to 48 billion sucres, and potential obligations total 100 billion sucres. o73

Mortgage loans will disappear, because they have caused the IESS to lose $1.0 million.

The idea is to decentralize the service to make it unnecessary for members affiliated with it to have to travel to Quito or Guayaquil to handle their business with the system.

Provincial hospitals will also be equipped and will provide specialized services to reduce congestion in the hospitals in Quito and Guayaquil.

The social security system for the farmers, which has about 800,000 members, will be strengthened. The government has already canceled 41 billion sucres in debt and will build 55 medical dispensaries through the FISE [Emergency Social Investment Fund].

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Another objective is to collect the debts owed to the state, which amount to 946.373 billion sucres, 451.844 billion sucres of which is in the form of capital and 494.529 billion sucres in accrued and overdue interest.

Administrative costs, which amount to 136.234 billion sucres annually, have placed the IESS between a rock and a hard place. Real investment amounts to barely 39.112 billion sucres.

How can the problem be resolved? By reducing the number of employees to only 6,000.

Another reason for the economic disaster at the IESS is the fact that the system has reached maturity. The social security service was profitable during the first 30 years of its existence because of all of the payments made into it. The problems began when the first persons retired, and it was necessary to pay for pensions and other services, which constitute expenditures.

Are AFP's [Private Pension Fund Administration Boards] the alternative? Technicians of the IESS say no, because the services will be more expensive, and the cost of some of them may go through the roof.

The positive side of their existence in this country is that they will force the IESS to improve its services.

Changes Coming

Everyone says so. High expenditures are the cause of the financial crisis of the IESS. The most recent collective bargaining agreement, which assured its 15,870 members of job stability for five years, proves it.

Basic salaries in effect as of 31 December 1993 were raised by 65,000 sucres, plus 100 percent of future salary or wage increases which may be approved. In 1995 the increase will be o73 equal to that in 1975. To these benefits are added 8,000 sucres in subsidies for every family. For the seniority subsidy the workers are paid 4.0 percent of their basic wage for each year of service, up to 35 years. They also receive 35,000 sucres per month as a food allowance.

Those working in the provinces of Amazonia, Carchi, and Loja receive 25,000 sucres in the form of a geographic allowance. Those who work in the province of Galapagos receive 45,000 sucres.

The IESS pays three bonuses per year equivalent to the taxable salary of the workers. Furthermore, there is a Christmas bonus of 256,000 sucres. As a Christmas present each employee receives 40 percent of the minimum salary for his or her job and the same amount for each child under 15 years of age.

These benefits amount to an average of 1.5 million sucres per year for each worker. The value of the collective bargaining agreement amounts to about 25 billion sucres per year.

Furthermore, the employees receive home loans from the IESS at a preferential rate of interest. Employees have a right to clothing at the expense of the IESS to wear to work, for the guard service, for the commissariat, and for other services.

In the suburbs, housing developments, or housing projects the IESS is required to allocate 15 percent for its workers.

The IESS pays 600 sucres for every member belonging to IESS trade unions and the equivalent of 400 minimum salaries to the central committee of the trade union organization. The union dues of workers not affiliated with any trade union organization go to the central committee. The trade unions have access to a special credit of 50 million sucres to construct headquarters buildings.

In the case of the death of a spouse, children of the employees, or a person with whom he or she is living outside of marriage the IESS is required to pay 350,000 sucres in 1994 and will have to pay 400,000 sucres in 1995. If one of the employee's parents dies, he or she will receive 250,000 sucres.

When a worker dies, the IESS pays 3.5 million sucres to the person designated by the employee.

Paraguay

Joint Staff Chief Discusses Constitutional 'Inconsistencies'

PY1511224194 Asuncion ABC COLOR in Spanish 12 Nov 94 p 2

[Report on interview with General Roosevelt Benitez, Paraguayan chief of the Joint Staff, on 11 November]

[FBIS Translated Text] Asked to comment on complaints that President Juan Carlos Wasmosy has no direct control over the Joint Staff, Gen. Benitez, chief of the Armed Forces Joint Staff, acknowledged on 11 November that due to errors in the Constitution, Armed Forces Commander in Chief Juan Carlos Wasmosy does not have direct contact with the Joint Staff; it is subordinate to Vice Admiral Eduardo Gonzalez Petit, the Military Forces commander.

Gen. Benitez discussed this controversial subject when asked to comment on a statement by General Favio Evelio Benitez, retired, that Wasmosy (in his capacity as Armed Forces commander in chief) does not have control over the Joint Staff, and that this situation casts a cloud on recent changes in the Armed Forces. Gen. Benitez said: "We are trying to straighten out this situation, so to speak, but we cannot do so because we must abide by the Constitution."

He added: "I do not believe the Armed Forces structure as outlined in the Constitution is either proper or flawless." He acknowledged that, in keeping with the current

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chain of command, the Joint Staff "falls under the jurisdiction of the Military Forces commander (Gonzalez Petit) while at the same time it serves as an advisory body for the president of the Nation and Armed Forces Commander in Chief (Wasmosy)."

[ABC COLOR] Do you acknowledge that there are shortcomings in the structure of the Armed Forces?

[Benitez] I believe if we get a chance to amend the Armed Forces structure, some things could be improved.

[ABC COLOR] How?

[Benitez] The Armed Forces structure could be reviewed because as far as I can see it contains many inconsistencies.

[ABC COLOR] On what topics?

[Benitez] The Constitution mentions, for example, the Public Force as an institution, but it does not define its commander. For some reason this has been omitted. The Public Force comprises the Police and Military Forces, which as far as I am concerned is another incongruity because the Police Forces can use only conventional weapons [as published]. I have personally studied this issue and it appears that an attempt was made to come up with something similar to what Colombia has. The Colombian president, who is a civilian, is also the commander of public forces.

[ABC COLOR] Will you submit a bill to Congress?

[Benitez] Well, the Constitution is the law. Right now all we can do is abide by the Constitution. To amend it we have to wait three years, or we could wait a few more years and propose an entirely new structure. All we can do is abide by the Constitution. That is how things stand as far as the structure of the Paraguayan Armed forces is concerned.

Benitez added: "Our Constitution states that the Public Force comprises the Military Forces and the Police Forces. No attempt has been made, however, to appoint the commander of the Public Force, which implies that it is not an institution and that the Military Forces and the Police Forces are sort of independent."

He concluded: "Thus, the positions of commander of Military Forces and commander of Police Forces were created. There is talk now about eliminating the Military Forces institution, but for some reason nothing is being said about the Police Forces institution. There are many inconsistencies. If the Military Forces institution disappears, then the Public Force and Police Forces institutions should disappear as well."

Peru

'Sources': International Banks Pressuring Government

PY1611005394 Lima CARETAS in Spanish 3 Nov 94 pp 24, 26

[FBIS Translated Text] According to information disclosed over the past few days by reliable sources, the New York advisory committee for the international commercial banks is allegedly making one-sided demands of the Peruvian state in order that it might sit down to negotiate its debts and have the lawsuits against it suspended. These demands have allegedly placed Economy Minister Jorge Camet in a state of depression, according to witnesses who saw him last week before leaving for New York to participate in the Third Annual Conference of the Americas, held in the auditorium of the Waldorf Astoria. Due to the severity of the demands, it seems that the advisory committee believes that Minister Camet is being foolish.

The commercial banks are reportedly demanding the fulfillment of two new conditions: In the first place, that the Peruvian state honor 50 percent of its lawyers' fees—the Sherman and Sterling Company—amounting to no less than $35 million. The other requirement, which is much more difficult, demands that the private debt that the Peruvian Popular Bank has with the foreign commercial banking sector be converted into public debt, as was the case with the debt contracted through the purchase of the ships Mantaro and Pachitea, thanks to the efforts by Carlos Rodriguez Pastor in 1983 [as published], which was approved this year by the government bloc in the CCD [Democratic Constituent Congress].

It is said that Camet had, in the worst of cases, foreseen the first demand. The second demand, on the other hand, goes beyond anything that had been foreseen, taking into account that it involves a debt of approximately $80 million, the same as the current Peruvian foreign debt. This is precisely the cause of the minister's supposed state of depression.

The thing is that Minister Camet considered he had made good progress in his plan to negotiate with the advisory committee of the commercial banks after the Olympic solution—suggested by the CCD—that he achieved with the Mantaro-Pachitea case. It was one of the two requirements previously demanded by William Rhodes, the imperturbable president of the New York advisory committee and vice president of Citibank. The other requirement was to authorize foreign investors to use debt papers to buy Peruvian public enterprises. As the requirement was fully honored, Camet thought he would be able to start negotiations soon. There was even talk that they would start on 15 November. It is known, however, that they have been postponed to December, but with no set date.

Foreign Minister Views Spanish Visit, Miami Summit

PY1511002294 Madrid EFE in Spanish 1431 GMT 14 Nov 94

[FBIS Translated Text] Peruvian Prime Minister and Foreign Minister Efrain Goldenberg Schreiber has said that the purpose of his official visit to Spain is to give "impetus" to the political and economic rapprochement

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between Peru and Spain and to contribute to the "strengthening" of bilateral relations.

He said: "Bilateral relations between Peru and Spain have shown a very positive evolution since 1993, and this is especially significant in trade."

Goldenberg pointed out to EFE, before leaving for a two-day official visit to Spain that starts on 16 November, that the example of the positive evolution of mutual relations is the "substantial" increase in Spanish investments in Peru and the "development of business and stock market contacts."

Goldenberg said that relations between Peru and Spain must be strengthened even further, and that "the close relations should not have been weakened," in reference to the cooling of relations after the institutional coup carried out by President Alberto Fujimori in April 1992.

Peruvian-Spanish bilateral relations have shown a very positive evolution since September 1993, when then Prime Minister Alfonso Bustamante headed a visit by a Peruvian business delegation to Spain.

Last August, Jose Luis Dicenta, Spanish secretary of state for international cooperation and Ibero-America, paid an official visit to Peru to sign important cooperation agreements.

Goldenberg explained that through 31 October Spanish investment in Peru had reached $2.058 billion, as opposed to about $3 million in 1993.

This increase puts Spain in first place among the countries investing in Peru, displacing the United States, which is in second place with $628 million.

He also pointed out that Spanish cooperation has as its framework a June 1971 basic agreement on scientific and technical cooperation between the two governments.

At the global level, Spanish cooperation is in 11th place, and at the European level fifth place, mainly in the fields of education and culture, agriculture, industry, energy, social development, and institutional support.

Goldenberg believes that in the medium term, Spanish investment in Peru will continue to increase, and that currently—in addition to the participation by the Spanish company Telefonica in the Peruvian Telephone Company—other Spanish companies are participating in the privatization of Peruvian public enterprises.

During his stay in Madrid, Goldenberg will sign an agreement on the promotion and reciprocal protection of investments.

Goldenberg believes that "the pacification of the country and the control over inflation" obtained by the Fujimori administration are the main reasons for the return of Spanish and foreign investments to Peru.

Asked about the recent accusations made by Amnesty International about human rights violations in Peru as a result of the fight against terrorism, Goldenberg said these were "isolated cases" and not "state policy."

He said these cases should not be generalized, that "they are decreasing, but unfortunately abuses do occur all over the world."

Goldenberg also referred to the Peruvians living in Spain, who number from 30,000 to 80,000, both those living there legally and illegally. He explained that many of them went to Spain because of the violence in Peru a few years ago.

He said: "Many of them, however, are returning because a new and positive situation is prevailing in Peru."

During his stay in Spain, Goldenberg will meet with Spanish President Felipe Gonzalez; the head of Parliament, Felix Pons; the president of the Senate, Juan Jose Laborda; Foreign Minister Javier Solana; and possibly King Juan Carlos, as well as Peruvian and Spanish businessmen.

Goldenberg, who is a prosperous businessman now involved in politics, also talked about the Peruvian presidential elections to be held in April 1995. He said the polls favor the president, and candidate for reelection, Alberto Fujimori.

Goldenberg said that percentages supporting President Fujimori "are impressive, while those of the other candidates have fallen dramatically."

Asked about Peruvian participation in the Summit of the Americas to be held in Miami in December on the initiative of U.S. President Bill Clinton, Minister Goldenberg said that Peru is already preparing its agenda.

He said: "In this regard we are carrying out intensive consultations with the United States, with the other Latin American countries, and with the Rio Group."

He noted that it is important that a first agreement has already been reached on the selection of priority issues for each country and for the continent as a whole to be discussed at the summit.

He explained that free trade, technology, promotion of investments, the environment, drug trafficking, poverty, democracy, and human development, among other issues, will be discussed at the Summit of the Americas.

He concluded by saying: "The summit will be a determining factor if well-measured and balanced commitments are made."

JNE Proposes Restrictions on Fujimori Campaign

PY1511151794 Madrid EFE in Spanish 1625 GMT 10 Nov 94

[FBIS Translated Text] Lima, 10 Nov (EFE)—The National Election Board (JNE) has submitted a bill to congress through which President Fujimori will not be

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allowed to use government transportation or the state-owned media in his election campaign up to 90 days before the 5 April 1995 elections.

If the measures established in the bill are violated on three occasions, the JNE will proceed to nullify Fujimori's candidacy. Fujimori is seeking reelection in compliance with the new Constitution approved in 1993.

The draft bill, which contains six articles, states that infractions of the law must be proven with unequivocal evidence.

The bill, which is signed by the five JNE members, states that Fujimori will be able to campaign whenever he is not engaged in government-related activities and he "is not using public property means," such as transportation or the media.

It adds that "when, for reasons related to the exercise of his duties, the incumbent president seeking reelection must necessarily use state transportation means or state-owned media, he will abstain from engaging in campaign activities."

The third time this regulation is violated, the JNE will proceed to take action with regard to the charges and summon the interested party to establish whether or not it is befitting to cancel the registration of the candidate who violated the law, as well as the registration of his running mates.

The draft bill establishes that the state-owned and private media must inform the JNE about the publicity expenses of those political parties participating in the elections.

In addition, political parties must submit to the JNE a "sworn statement" explaining their campaign budgets and their financial sources.

The JNE will be empowered to investigate "the exact economic situation" of those political parties and movements that are participating in the elections.

Moreover, the bill establishes that 90 days before the elections, the Armed Forces and the National Police will submit to the JNE a list of their personnel on active duty to proceed to eliminate their names from the voter registration lists.

Rey: Renewal Movement Backs Fujimori Candidacy

PY1511190694 Lima EL PERUANO (Legal Supplement) in Spanish 29 Oct 94 p A4

[FBIS Translated Excerpt] Renewal Movement [MR] leader Rafael Rey has stated that the MR has not presented a presidential ticket in order not to take votes away from President Fujimori, whom they believe is the best option for the country.

Rey said that MR members have assessed a series of possibilities but have established that if they present a presidential ticket, it would undermine President Fujimori's election chances, and he needs a new term in office to consolidate the reforms that have been undertaken.

Rey added that although the presentation of a ticket would have helped MR's chances in the legislature, MR believes national interests should prevail over anything else. In view of this, it has decided not to appoint a presidential candidate.

He explained, however, that MR is supporting the Fujimori regime with a critical attitude. He added that MR is neither an opposition party nor an unconditional supporter. [passage omitted]

Candidates Demand Amnesty for Imprisoned Coupists

PY1411205694 Madrid EFE in Spanish 1703 GMT 12 Nov 94

[FBIS Translated Text] Lima, 12 Nov (EFE)—Twelve Peruvian presidential candidates have demanded the issuance of an amnesty law for all those members of the military who were involved in the coup attempt of 13 November 1992 against President Alberto Fujimori. These people are currently under arrest, and are considered political prisoners.

A joint declaration signed by these candidates and published in today's local press states that "no free elections can be held with political prisoners, such as the nine officers who are imprisoned."

A total of 15 presidential candidates have registered for Peru's general elections, scheduled to be held on 9 April 1995. Among them is President Alberto Fujimori, who is seeking reelection but who is not among the signatories of the referent declaration.

The declaration states that "we cannot speak of human rights while an amnesty law is not promulgated to restore the rights of those military members and civilians who were subjected to secret arbitrary trials; or, who without having been sentenced, are either persecuted or living in exile."

It adds that we cannot speak of freedom and democracy in Peru while "the officers who upheld the Constitution" and who were involved in the coup attempt—the second anniversary of which is commemorated on 13 November—are still imprisoned.

On 18 February 1993 a military court meeting behind closed doors sentenced 24 of the 33 military officers—both retired and on active duty—to from three months to eight years in prison on charges of having participated in a coup d'etat attempt.

The most severe sentence of eight years was issued to retired General Jaime Salinas Sedo, who headed the

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coup. Salinas and another eight officers are serving their sentences at the "Real Felipe" military barracks in the nearby port of Callao.

A couple of months after the trial, which was considered illegal by the political opposition and legal experts, as they contend that those involved "did not commit any crime, because they were only trying to restore the Constitution," President Fujimori pardoned the other officers who were sentenced. The trial was also considered illegal because it was conducted "behind closed doors."

Those who participated in the thwarted coup alleged that they intended to restore the democracy disrupted in the coup conducted by Fujimori on 5 April 1992, and through which he assumed all powers after he dissolved Congress and dismantled the judicial branch.

They added that their actions were based on the right to insurgency established in the Constitution when the latter is violated, which is what Fujimori did when he assumed full powers.

The declaration, signed by the 12 Peruvian presidential candidates, also establishes that beyond any ideological differences they demand the immediate release of the military members who are imprisoned and "the approval of an amnesty law which, with the people's support, has been proposed to the Democratic Constituent Congress," the country's legislative body.

Among the signatories are former UN Secretary General Javier Perez de Cuellar; Lima Mayor Ricardo Belmont; Mercedes Cabanillas, of the center-leftist American Popular Revolutionary Alliance (APRA); Lourdes Flores of the conservative Popular Christian Party (PPC); and former Lima Mayor Alfonso Barrantes, of United Left.

Other signatories are Luis Caceres, mayor of Arequipa—the second largest city in Peru; Luis Caceres [Peruvian Movement to the Year 200]; Sixtillo Dalmau [New Peru Movement]; Miguel Campos [Peace and Development Movement]; Ezequiel Ataucusi [Popular Agricultural Front of Peru] and Victor Echegaray [Reformist Party of Peru]. According to a local press source, Raul Diez Canseco, of the Popular Action (AP) party, of the center right; and Alejandro Toledo [Democratic Coordinating Movement] have only expressed their verbal support because they are outside Lima.

APRA Presidential Candidate Interviewed

PY1611000294 Lima EXPRESO in Spanish 6 Nov 94 Sunday Supplement pp 4,5

[Interview with Mercedes Cabanillas, presidential candidate of the American Popular Revolutionary Alliance, APRA, by Victor Andres Ponce; date and place not given]

[FBIS Translated Text] [Ponce] How independent is your presidential candidacy from [former president] Alan Garcia?

[Cabanillas] The APRA is an organization with its own doctrine and ideology that was founded by Haya de la Torre in the 1930's. It has a long political life, with which one can disagree but not ignore. The APRA goes beyond Alan Garcia and individualities.

[Ponce] I am asking you about Garcia because everyone seems to realize, except its leaders, that he is hurting APRA ...

[Cabanillas] Why should the APRA depend on any one person? Why do you say that? I dare anyone to prove that.

[Ponce] It is said that the APRA depends on Garcia because at the latest APRA convention the militants were prohibited from supporting an investigation against Garcia. They were threatened with expulsion if they did.

[Cabanillas] There are no gags in the APRA. We all publicly state what we think. Efforts were made to prevent this issue from affecting the party. Let me tell you that the Garcia issue is not an APRA issue because the former president is no longer an APRA militant, he does not exercise duties or rights ...

[Ponce] But Garcia's resignation was not accepted ...

[Cabanillas] You are wrong. Garcia's resignation was accepted and registered by the party executive board. Therefore, the Garcia issue is nothing to do with the party but with public organizations. I hope that in the next government the organizations in charge of judging Garcia will have enough autonomy to resolve an issue that has political connotations.

[Ponce] If we take the recent polls into account, it is very difficult to foresee a runoff elections. So what is the objective of your candidacy?

[Cabanillas] In October 1989, Fujimori had barely 1 percent of the intended votes in the polls. Never believe the polls reflect the real feeling of the population. I am not aware of the technical know-how for conducting polls, but they are only an ingredient in the elections and nothing more.

[Ponce] Is it true that your objective is to get 10 percent of the votes and thus become the organized party with the greatest electoral support?

[Cabanillas] The objective of our candidacy is to win the elections. We will fight democratically to be able to govern this country.

[Ponce] In a runoff election, would you prefer Javier Perez de Cuellar or Alejandro Toledo?

[Cabanillas] I would prefer Mercedes Cabanillas, the APRA candidate.

[Ponce] Do you not have an opinion of those two candidates?

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[Cabanillas] Personally I have great respect for the two candidates, but from the political point of view they are one more the same thing ...

[Ponce] What do you mean one more of the same thing?

[Cabanillas] I have never heard either of them express profound disagreement with the economic program. The APRA does not only condemn Fujimori for having closed Congress and the judicial branch, it also criticizes him for starving the people.

[Ponce] Perez de Cuellar criticized the 5 April 1992 coup ...

[Cabanillas] That is not enough for the poor people of Peru.

[Ponce] Has the APRA evaluation of the economic reforms changed at all?

[Cabanillas] Some basic indicators of the economy, such as the fiscal deficit and control over inflation, have been achieved with a very high social cost. But along with these indicators there are variables related to employment, salaries, and the poverty resulting from the fall of these variables. There is a demand that has not been resolved. My candidacy advocates an economy, stable and competitive in the international market, that will not impoverish the 13 million Peruvians or bury them in misery and unemployment ...

[Ponce] When you mention the positive aspect of stabilization, you are in some way criticizing the past APRA government. Is that not true?

[Cabanillas] This is not new to anyone. It is bad to repeat things that are already known. We have practical documents showing the instruments and economic policies that did not work. For example, we showed as mistakes the inflation, the low tax collection, etc. We did not stay frozen, we renewed ourselves based on current needs.

[Ponce] Is this a criticism of the state control policy implemented by Garcia ...?

[Cabanillas] It is also a criticism of those who are not aware of the country's history. Since the 1950's, state control and liberal policies with inflation and fiscal deficit have been implemented. During the military government, international credits were abused and about 200 state companies that gave us headaches were created. This is why economists labeled the 1980's as the "lost decade of the economy."

[Ponce] Do you believe the adjustment could have been made without the social cost you criticize?

[Cabanillas] It should be clear that the current economic models are the ones that create certain policies ...

[Ponce] In any case, this policy was exacerbated during the APRA government. Is that not true?

[Cabanillas] Exacerbate is not the word. The 200 state companies were not created during the APRA government but during the military regime. The dollar MUC [Standardized Exchange Market] was also created during the military regime. What should remain clear is that if anything was created in Peru, either in times of growth or adjustment, it is poverty. We have always progressed at being poorer.

[Ponce] What miracle should have been done to stabilize the economy without a social cost?

[Cabanillas] It is true some prices were low but there was no need for such harshness. For example, adjustments should have been made without the need to deprive thousands of workers of their jobs. I would have never dismissed so many workers to leave the companies at the service of international interests.

[Ponce] Only in the last month of the APRA administration, 18,000 workers were hired in the Peruvian Social Security Institute. What would you have done not to dismiss them?

[Cabanillas] I am not saying that a rational use of personnel should not be implemented, but not to throw thousands of workers into the streets. Not even Margaret Thatcher did that when some areas of the housing sector was privatized in England. The houses that belonged to the state were sold to the workers. The same thing happened with the privatization of several companies when shares were given to the workers. Therefore, no one can explain the dogmatic and by the book liberalism implemented by Fujimori who ended up being the puppet of the multilateral organizations.

[Ponce] It is very difficult to believe Fujimori is anybody's puppet ...

[Cabanillas] Why not, where did he get the neoliberal model? Fujimori is a puppet of the IMF, international banks, creditors ...

[Ponce] All countries that want to carry out economic adjustments and reforms must reach an agreement with these organizations ...

[Cabanillas] Badly done. Nothing justifies making the interest of the country a relative issue.

[Ponce] Let me reiterate that the trend among countries is to strengthen relations with multilateral organizations, unless one would like to repeat Garcia's autarchy ...

[Cabanillas] But there was no trend for over-adjustment. In the case of the Inter-American Development Bank for example, there were disbursement commitments for $700 million. Is it known how much we paid? About $1.4 billion. I am not saying we should not pay, but let us learn to negotiate with multilateral organizations. Let us learn to preserve resources for the country.

[Ponce] You don't seem to give Fujimori any credit. What do you think of his pacification policy?

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[Cabanillas] From the decade of the 1980's the entire country learned how to fight subversion, from the simple citizen to the government, by providing military equipment to the police and the Army. It should be recalled that there were no more than five police patrol units in the past ...

[Ponce] Do you not recognize the president's political decision and the effectiveness of the new antiterrorist legislation?

[Cabanillas] I recognize the antiterrorist legislation approved by the Congress which Fujimori closed illegally. I would like to point out again that I recognize the efforts by everyone, not only the president's effort. Thousands of people have been killed—including mayors, councilmen, leaders of mother's clubs, and presidents of regional governments such as Lucho Paredes in Piura. Is it that their lives are worth nothing? Just as I recognize Fujimori's merit, I also appreciate the value of the death of Maria Elena Moyano.

Congressman Blames Government for Coca Growing Increase

PY1511224594 Lima EL COMERCIO in Spanish 31 Oct 94 p A5

[Article by Hugo Vallejos Munoz]

[FBIS Translated Text] Celso Sotomarino Munoz, president of the Production Committee of the Democratic Constituent Congress, has reported that coca growing in the jungle region has increased by 20,000 hectares because this is the only way peasants can survive.

Of the 242 companies that operated in that zone, less than 100 remain following massive closures caused by the implementation of Legislative Decree 25980 which forces them to pay 18 percent Municipal Promotion Tax, while it is only 2 percent in the rest of the country.

[Vallejos] How much has coca growing in the jungle region increased?

[Sotomarino] In the Pucallpa zone, there are at least 20,000 more hectares of coca for drug trafficking.

[Vallejos] What is the reason for this increase?

[Sotomarino] The people have no other means of survival. Drug traffickers offer the peasants just about everything to grow as much coca as they can.

[Vallejos] What is the reason for this situation?

[Sotomarino] The reason is Law 25980 which deactivated many industrial centers that created jobs. This law made the companies unprofitable. The companies came to this zone under the protection of guarantees until the year 2000 through the exemption of the General Sales Tax and other benefits offered by the option for industrialization. Now this option has disappeared, only a few companies are still working because they have a very large infrastructure and are struggling for survival.

[Vallejos] How many companies closed?

[Sotomarino] There were 242 companies and there are now less than 100 in the Pucallpa zone.

[Vallejos] Is it a law or a legislative decree?

[Sotomarino] It is a legislative decree implemented by this government before the institutional coup. It is killing the region, and destroying its ecology.

[Vallejos] What does this decree establish specifically?

[Sotomarino] That the Municipal Promotion Tax is 18 percent for the jungle region. In other words, the municipal tax is similar to the General Sales Tax but the jungle region has been exempted from the sales tax. This tax under a different name was created to end the exemption. By implementing this decree, the government violated constitutional regulations and all kinds of legal measures because the Municipal Promotion Tax is only 2 percent in the rest of the country. The only exemption is the jungle region where it is 18 percent and this is definitely an abuse.

[Vallejos] Will you submit a bill to neutralize that decree?

[Sotomarino] We already have a bill that was endorsed by 24 congressmen of different political parties. It is enough to have the bill debated. The bill was on the agenda but was withdrawn under the pretext of getting a report from the Economy and Finance Ministry under the knowledge the report would be negative. The report was received after a long time and of course it was negative. But we (the committee) don't have to get orders from the Economy and Finance Ministry. We believe the damage done to the jungle region is very large and the damage to the state is also large.

[Vallejos] Why?

[Sotomarino] Because the gross amount produced in the jungle has fallen drastically. The GDP was $300 million for the jungle industrial region and now it does not surpass $100 million. A loss of $200 million worse than trying to collect 18 percent Municipal Promotion Tax.

[Vallejos] Is it true the decree violates international treaties?

[Sotomarino] It violates the Peruvian-Colombian Treaty which establishes that in the border zones the tax legislation and the commercial agreements cannot be changed unilaterally. The Peruvian Government did it unilaterally.

[Vallejos] Has Colombia complained?

[Sotomarino] There have been several complaints because the treaty is discussed at the annual meetings and two complaints have already been filed by that country.

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Army Acquires 6 Russian Mi-17 Helicopters

PY1511202994 Lima EXPRESO in Spanish 6 Nov 94 p A2

[FBIS Translated Excerpt] Yesterday President Alberto Fujimori announced that the government has purchased six Russian-made Mi-17 helicopters in order to improve the Army's fleet of aircraft. The helicopters will be used in the struggle against drug trafficking and terrorism in the various zones in a state of emergency in Peru.

Fujimori explained that the government has invested $6.6 billion, $1.1 billion for each of these modern aircraft, with this purchase.

During an inspection visit paid to Army Aviation in Callao, the chief of state inspected the modern Russian-made aircraft and pointed out that they will be used in the emergency zones, especially for the struggle against narco-terrorism. [passage omitted]

Uruguay

Candidate Volonte Interviewed on Electoral Issues

PY1511191794 Montevideo BRECHA in Spanish 4 Nov 94 pp 6, 7

[Interview with Alberto Volonte, Blanco Party candidate and current leader in presidential campaign, by Maria Urruzola; place and date not given]

[FBIS Translated Excerpt] [passage omitted] [Urruzola] What role does the United States play, following the crumbling of Socialist regimes in East Europe?

[Volonte] The United States is now the only world power. This is accepted and recognized by all, and therein lies its weakness. Throughout the history of the world, it has never been a good idea to be the only power: For one country to become a world power, it needs another to serve as its nourishment. The United States is currently facing some weak spots. I think it is precisely because of this that it is pursuing a regionalization drive—first through NAFTA and then a wider one—to brace itself for the trade war between blocs that will break out in the 21st century. It goes without saying that the United States will try to command the western hemisphere's bloc.

[Urruzola] What is your opinion of the blockade on Cuba?

[Volonte] I oppose it on principle. Using political reasons to justify a blockade is unacceptable because the people are not to blame for their rulers' actions. I do not approve of Fidel Castro or his political administration, but equally I cannot agree to a blockade that harms millions of innocent Cubans. [passage omitted]

[Urruzola] Do you think political parties should field just one candidate, who has been nominated in presidential primaries?

[Volonte] Our political parties have certain characteristics that make them unique. Sometimes there is cohesion at the grassroots but a large number of candidates, while other times there is wide diversity at the grassroots and unity over the candidate.

[Urruzola] It would seem you are talking about the National Party and the Broad Front.

[Volonte] Yes. But Uruguayans are somewhat peculiar in that the opposite can happen tomorrow. There may be great hegemony among the grassroots of the Broad Front and there may be many candidates, while within the National Party there may exist a sole candidate but great diversity among its grassroots. We must not throw the first stone.

[Urruzola] In other words, do you believe the formula of just one candidate is essential?

[Volonte] Uruguay needs a serious law on political parties to educate us in politics and party discipline. There are times when we think more than one candidate upsets the unity of the party, but I believe the lack of unity in the party's performance is the upsetting factor when one is responsible for governing and there are no mechanisms for discipline and control to oblige political parties to act with responsibility when facing the voters. More than the number of candidates, I am worried about the behavior of the parties the day after the elections. When I say government, I refer to everyone, because the situation of government and opposition does not exist in Uruguay. Everyone governs today. A deputy-elect cannot tell me he was elected to be the opposition or to govern. Everyone is elected to govern. This does not mean that everyone cannot express his ideas. A government must have a framework of ethics.

[Urruzola] Do you believe the media should be regulated?

[Volonte] Everything must be regulated in life; the problem is how. When I was asked if there should be legislation on the right to strike, I said no, but I also said that matters do not work as they now stand. I added that I hoped a good formula for regulation would be submitted by the PIT-CNT [Interunion Workers Plenum-National Workers Convention] that would contain clear rules for society that would benefit the unions themselves. A regulation that guarantees total freedom would not harm the media. The question is how do we regulate, what do we regulate. The question is the content of the regulation.

[Urruzola] The topic of information is given great value in your government program. It even states that television newscasts must give daily information on what is happening in Paraguay, Argentina, and Brazil as a contribution to cultural integration. How can a policy on information of general interest be implemented with the private sector media?

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[Volonte] Never forget that radios and television stations only have temporary licenses to use frequencies that belong to the state.

[Urruzola] What is your opinion of how licenses are granted?

[Volonte] It is a thorny topic. Considering today's reality, I believe it is important for the media to benefit from a state permit that should include some obligations as to the dissemination of topics that will benefit society as a whole, such as educational and health policies. The question of information is the most serious problem regarding the health sector, and the same applies to the labor sector. I love information. I believe no decision can be made in life without having the correct information. This country lacks information. We all express our opinions on everything, but we do not have serious, objective information. [passage omitted]

[Urruzola] Regarding those who obtain public posts, should they make a public declaration of assets?

[Volonte] I believe so. It is the famous crystal clear law. I would have absolutely no problem in doing so; I would do it without hesitation.

[Urruzola] Do you believe there is corruption in Uruguay?

[Volonte] There is a low level of corruption in comparative terms. But I do not accept it. I want no corruption in my country. First for moral reasons and then for cost-benefit reasons. I believe a clean society is one of the best investments we Uruguayans can make. Thus, the investors will come by themselves. It is a lie that foreign investors like forking out payola. They want clear rules of the game. There is a low level of corruption, but I disagree with those who say "it is within tolerable limits." It is like someone telling us we must co-exist with corruption. We must strive for a snow-white country. We must modernize the judicial branch, making it agile, dynamic, independent, and well structured.

[Urruzola] It is strange that your government program does not contain one word about the judicial branch.

[Volonte] The program does not seek to cover every national topic. The objective was to outline a Uruguay as we see it through a new guiding factor: Mercosur [Common Market of the South], and through a new conception that emerges with the conclusion of a historical cycle and the birth of another. We want to show that we have an overall view of the country, not just a theorem.

[Urruzola] Would you change the irremovability policy of public employees?

[Volonte] No. Why should I concern myself with this topic at this time if I do not have the appropriate information? I have not had the chance to put the sector in order, to rationalize it, motivate it, put it to work. Why should I concern myself about those who I must fire? The question does not lie in irremovability itself, the question lies in the spartan use of human resources, which are the greatest capital that a state has. If after carrying out studies, after rationalizing, we find there is a given number of employees who do no work, do not adapt, and will not learn, then we can tell society: "This has been done, these employees work, but we have these others that do not." It must be done with a clear technical evaluation. Only then will I have the authority to say I need a legal instrument to allow me to drop those persons. What happens if there is a lack of employees after the evaluation has been made? I do not believe that this will happen, I believe there will still be a surplus. But these employees are not to blame, the blame lies in how they entered public service. This is the impression gained by sniffing the wind; but this country cannot be governed by sniffing the wind.

[Urruzola] Your government program defines the educational referendum as an "egoistical and selfish project," but at the same time you insist on the role of education and intelligence. Is this not contradictory? What is egoistical about educating children and adolescents?

[Volonte] Because there is a lot of ignorance and no one has information, I do not know how they arrived at the figure of 27 percent. It could be 54 percent, or 15 percent. I believe the proposed 27 percent is the result of wishful thinking. I call it egoistical because they want it in the Constitution. The first question that should be asked is whether there is anything to share and then see what can be given to each sector. If not, I am condemning society a priori. I cannot dream of having a wonderful educational sector if I do not have good judicial or health sectors. I really hope my government can assign the 27 percent, if the sector really needs it. [passage omitted]

[Urruzola] I want to ask you about the concept of "results" you also included in the state reform, which expounds that all organizations must produce something quantifiable, measurable, and that the state's role must be based "on objectives." Is this revolutionary?

[Volonte] (laughs) Not for me, nor for the UTE [General Administration of State Electric Power and Telephones]. It is a marvelous revolution. Uruguay seems very willing to participate because the people will receive salaries commensurate with productivity, something that UTE employees have already obtained because they collect four or five awards a year. On one hand the question is to supply all the necessary tools, grant autonomy, and provide motivation, but controls must also be implanted. Motivation can be any type of award, but the "come on, come on, let's keep moving" must not be forgotten. Responsibility should be delegated, but responsibility must also be assumed. This is what we told the UTE technicians, managers, and workers: You are UTE, you are capable, you are responsible, let's get going. Delegate, assume responsibility, decentralize, and confide. But be demanding at the time of the results. Highways go two ways.

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[Urruzola] There is a surprise concept within the modernization you are promoting. The program says: "We must Latin Americanize ourselves if we want to modernize ourselves." What does this mean?

[Volonte] For decades we have been dependent on attempts to modernize that have been carried out by European countries. We love Latin America intellectually, but we really did not have any link with it because culturally we were always looking toward Europe. I believe we must now change that, we must be more Latin American, we must work with what is ours. In other words, get to know each other, integrate, and seek harmonious development, and find a Latin American model that will allow us to compete in the world with our own style.

[Urruzola] Are you against abortion?

[Volonte] Yes. As a Catholic I am against abortion, but that is not the question here. We must fight the causes behind abortion. We must respect the freedom of women, protect them, inform them, give them all the tools to prevent the need for abortion.

[Urruzola] It would be a success if with that policy the 200,000 abortions a year can be reduced to 50,000. But those 50,000 abortions will continue for a variety of reasons. What would you do about this?

[Volonte] We must change the cultural aspect now. Women must learn that there is a society that rewards pregnancy.

[Urruzola] The present family allowance is neither a reward nor anything else. There is no massive access to nurseries nor is there any plan for single mothers...

[Volonte] We want to begin an ample pre-school program. I acknowledge that this is an idea we have taken from Rama [not further identified]. The overall topic of education is great. It touches on many aspects of society's daily life. Among others we need a new culture regarding maternity. [passage omitted]

[Urruzola] What will you do, strengthen the state or privatize?

[Volonte] Strengthen the state. I am not a pro-state person, but the fact is UTE is on the way to leaving America's top electricity companies very far behind. [passage omitted]

[Urruzola] Who is going to win the elections?

[Volonte] The National Party. Which candidate, I do not know. [Juan Andres] Ramirez is getting close. But I believe I will win.

Candidates Volonte, Sanguinetti Discuss Trade, Employment

PY1611011594 Montevideo EL OBSERVADOR ECONOMICO in Spanish 4 Nov 94 p 8

[FBIS Translated Text] Alberto Volonte and Julio Sanguinetti, two of the main presidential candidates, have dissimilar viewpoints regarding the country's foreign trade.

Volonte and Sanguinetti spoke, separately, during the forum called "The Presidential Candidates" held 1 November on the premises of the Israeli Central Committee.

Sanguinetti once again questioned the position of the Lacalle administration regarding export policy, and recalled that during his mandate imports had grown by 53 percent and exports by 70 percent.

He maintained that during the mandate of this administration imports have increased by 120 percent, while exports "have stagnated." Sanguinetti expressed the need to "introduce changes" in order to balance trade.

Volonte indicated that imports are divided among the processing sector with 60 percent and capital assets with 15 percent, while the last 25 percent is "upsetting" national industry. He nevertheless stressed that "we not want to change this" as it has "been incorporated into the standard of living of Uruguayans."

Sanguinetti stressed that if the current situation is maintained, "we will be supporting financial growth that will culminate in exhaustion," warning that "the trauma of large devaluations and shocks" must be "avoided."

Volonte stated that exports must be increased, and predicted that in 1995 Uruguay will sell products abroad for more than $2 billion. He understands that the "exporting sector must be strengthened, but not as a consequence of reducing imports," because there must be a "just equilibrium."

Volonte maintains that he does not believe in a bout of unemployment in the industrial sector. "I do not believe anything," he said laconically.

He maintained that when the loss of 70,000 jobs in the industrial sector was noted, the level of unemployment stood "curiously" at 7.2 percent. "When the industrial sector had 220,000 workers, the level of unemployment stood at 10.4 percent," he said.

Sanguinetti Links Crime Increase, 'Marginal Population'

PY1511190494 Montevideo EL OBSERVADOR ECONOMICO in Spanish 4 Nov 94 p 9

[FBIS Translated Text] Julio Maria Sanguinetti, presidential candidate for the Batllista Forum (FB) and for the Party of the Government by the People (PGP), has warned about the increase in crime in Uruguay and indicated that it is due to an increase of the marginal population.

During an outburst this week to the department of Canelones, Sanguinetti said in the city of Progreso that "we are all suffering what the country has been experiencing with regard to public security; we all know that there has been regression, and we are familiar with what is occurring concerning crime, which has been increasing."

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The Colorado Party candidate again alluded "to the mistaken prison policy that has led the country into a crisis," and that has also led to "inmates escaping daily from prison." He maintains that although the police are making an effort to contain crime, the organization's "requirements have been cut back."

He believes that "the ever-increasing marginal population" is "the backdrop" of this situation. "It is said that there is less poverty in the country; that is true ... but the number of marginal people increases, and it is the poor who are the first to suffer."

"Marginality is not only an economic phenomenon; it is also a psychological, cultural, and social phenomenon, because people become marginal when they are left at the side of the road. And they are welcomed into society ... only when there are possibilities for work, when there are some prospects for an education," he added.

Sanguinetti stated that although the number of robberies has not increased, the number of petty thefts has. "This means that we now have more violence, and this is a worrisome problem that has become very serious and must be addressed."

In San Ramon he warned that "those who use the platforms just to make an inventory of problems" must not be elected on 27 November "because lists and inventories can be drawn up by anyone. There is the question of political capability, sufficient experience, written programs, and the necessary equipment needed to resolve these problems."

President Forbids Certain Opposition Commercials

PY1511234094 Buenos Aires TELAM in Spanish 2058 GMT 12 Nov 94

[FBIS Translated Text] Montevideo, 12 Nov (TELAM-SNI)—Just two weeks before the general elections in Uruguay, a disagreement between the government and [former President Julio Maria] Sanguinetti's [Colorado Party] faction escalated today, following President Luis Alberto Lacalle's decision to forbid the use of his image in opposition commercials.

Official sources told TELAM-SNI that Lacalle's ban, which also applies to Economy Minister Ignacio de Posadas and ruling party presidential candidate Juan Andres Ramirez, is based "on a Civil Code article."

Lacalle yesterday sent a letter to Uruguayan television channels "personally and in agreement with the Civil Code," banning the broadcasting of a Colorado Party commercial featuring the Uruguayan president, his economy minister, and other government officials.

In the commercial, the politicians disagree over the existence of an Inter-American Bank (IDB) report on the Uruguayan economy.

The commercial, devised by the List 1980 headed by Colorado Party leader Jose Luis Guntin—who supports Julio Maria Sanguinetti's presidential candidacy—is part of a harsh campaign on Uruguayan television just two weeks before the elections. In this advertising campaign, "Colorados, Blancos, and Broad Front people" exchange serious claims.

Having heard the president's decision, Guntin noted that Lacalle "does not play fair."

Minister De Posadas noted: "Respect for one's image is a basic right of all citizens." He described the banned commercial as "extremely base, extremely dirty, and hardly Uruguayan."

De Posadas added that the campaign launched by supporters of former President Sanguinetti "is prompted by desperation: A year ago they believed they would win the elections, now they believe they will lose and, as they lose support in the polls, their base blows increase."

Former Uruguayan Vice President Enrique Tarigo, who endorses Guntin's candidacy, noted that Lacalle "is conducting partisan politics every day, which is constitutionally banned, so he cannot seek shelter behind the right to protect his image or his privacy. [no closing quotation marks as received]

Venezuela

Government Explains Deficit Plan to Party Representatives

PA1511172694 Caracas Union Radio Network in Spanish 2200 GMT 14 Nov 94

[From the "Union Radio News" newscast]

[FBIS Translated Text] A meeting has just concluded at Miraflores Presidential Palace during which the government clearly and convincingly explained to representatives of the political parties how it plans to cover the deficit in the 1995 budget, which is estimated at approximately 140 billion bolivares. Incidentally, there were no representatives of the Democratic Action [AD] party present.

The government stated it will cover the lack of funds for next year with a privatization plan and the sale of bonds. The executive branch promised to submit the draft of the Umbrella Law this evening for approval at Congress. We should state here the budget cannot be approved either if the Umbrella Law is not approved.

Many of the funds for next year's budget are included in that bill. The political representatives described the meeting as a positive one, and they all seemed satisfied as they left Miraflores Presidential Palace. They now have 15 days to review next year's budget figures. The AD was not present, as we said before, and we are going to try to contact a spokesman for the group later in the program to find out what kept them from attending the meeting and what their position will be on the 1995 budget proposal.

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Police, Students Clash in Maracay; Five Injured

PA1611023294 Madrid EFE in Spanish 2128 GMT 15 Nov 94

[FBIS Translated Text] Caracas, 15 Nov (EFE)—Five people were wounded today in clashes between police and university students protesting the high cost of living and the government's failure to comply with agreements on a student transportation subsidy.

Police spokesmen reported that the clashes between police and demonstrators took place in Maracay, 109 km west of Caracas, and said that four university students and a police officer were slightly injured.

This was the second consecutive day of protests in Maracay, which was a continuation of last week's student protests in other cities of the country, including Caracas, for the same reasons.

In the wake of growing student unrest, some reports stated that the authorities are studying the possibility of authorizing the police to enter the universities to arrest demonstrators before they take to the streets.

According to Venezuelan law, universities enjoy a so-called "autonomy," which, among other things, prevents the entry of security forces, which must wait for the students to take to the streets.

The students in Maracay today also said that they protested the possible violation of university autonomy, but this was categorically denied by Interior Minister Ramon Escovar, who stated that "the government has not proposed raiding the universities."

Nevertheless, Escovar downplayed the importance of the demonstrators, which he referred to as "a handful of hoodlums who are not even students, but pretend to be, and who are simple criminals and roughnecks who challenge public order."

Escovar added that for the time being the police only have orders to keep under surveillance the universities where there has been unrest, "to prevent protesters from attacking privately owned cars or public transportation, such as on previous occasions."

Likewise, the minister recalled that last week, a plan was uncovered aimed at assassinating authorities from the Central University of Venezuela (UCV), located in Caracas. Behind this plot were "a few people interested in creating problems and in giving the impression that there is no order in the country."

Escovar added that the investigation over this alleged plot has not ended, therefore he refused to give further details, and instead gave assurances that the government will not allow any action aimed at creating "domestic unrest."

"Democracy is not intended for that and democracy can and should have order; thus, the government is willing to impose that order, always obeying the Constitution and the law, as it has done up to now," the minister stated.

Roundup of Economic Developments

PA1511165494

[FBIS Editorial Report] The following is a compilation of reports on economic developments monitored through 15 November.

An 8 November, Caracas-datelined report states the Cuban Government hopes to increase its trade with Venezuela, which totaled $185 million this year, diplomatic sources have reported. The Cuban ambassador to Venezuela has said in statements to REPORTE DE LA ECONOMIA Venezuela is the island's most important trading partner after Mexico. (Madrid EFE in Spanish 1646 GMT 8 Nov 94)

Carlos Bernandez, president of the Venezuelan Investment Funds, has said there are several companies interested in purchasing Aeropostal's assets although he disclosed neither names nor the company's basic sale price. Bernandez has said: "We will have to wait to hear the offers." Regarding the basic enterprises of the privatization of the Venezuelan Guayana Corporation, CVG, Bernandez has said the CVG will have to set the timetable although the fund will participate in this process. (Caracas Union Radio in Spanish 2200 GMT 8 Nov 94)

The vice president of Venezuelan Petroleums, PDVSA, has reported an additional 6.3 billion bolivares will be received in the economy from the sale of gasoline in 1995. This amount will be achieved with the stepping up of the program Gasoline Stations on the Borders. This program is aimed at opening stations in Puerto Ayacucho, on the border with Colombia, Santa Elena de Guairen, on the border with Brazil, and Tamacuro at 26 bolivares per liter. (Caracas Union Radio Network in Spanish 2200 GMT 8 Nov 94)

Erwin Arrieta, energy and mines minister, has said Venezuela is free to accept or reject the IMF's proposal to increase fuel prices and for the generated resources to go directly to the Treasury and not to the PDVSA. Meanwhile, the PDVSA vice president has said this decision corresponds to the executive and would follow his orders on this issue. (Caracas REPORTE DE LA ECONOMIA in Spanish 9 Nov 94 p 11)

Venezuelan trade with Italy during the first months of the year totaled $40 million, representing a 60 percent increase over the same period last year. The majority of these exports correspond to fruits and other agricultural products, as well as such traditional products as steel and petroleum. (Caracas REPORTE DE LA ECONOMIA in Spanish 9 Nov 94 p 9)

According to a study by the Economic Analysis Unit and REPORTE DIARIO DE LA ECONOMIA, the balance of payments indicate a $3.6 billion deficit in the first six months of 1994, due to the flight of capital. The current

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deficit is four times higher than in 1993. Inflation associated with the fiscal deficit translated into high interest rates, forcing economic agents to go against the exchange market seeking to exchange Venezuelan currency into foreign currency. (Caracas REPORTE DE LA ECONOMIA in Spanish 9 Nov 94 p 5)

According to PDVSA estimates, the marketing of various fuels on the local market will represent losses for the company and the treasury, in uncollected taxes, of approximately 127 billion bolivares for selling the fuel below cost. The internal PDVSA market represents 21 percent of its total sales while it barely generates 8 percent of its revenues. (Caracas ECONOMIA HOY in Spanish 9 Nov 94 p 11)

President Caldera has reacted strongly to the threat by dairy producers to hold back the supply of milk, saying he would not "cow tow to blackmail" from producers and would even use military planes to bring in imported milk. The development minister has said the producers' demands are unacceptable, addign that Hercules aircraft are ready to fly in any food supply the nation may require. (Caracas Union Radio Network in Spanish 2200 GMT 10 Nov 94)

A 12 November Caracas-datelined report states the Central Statistics and Data Processing Office reported today that Venezuelan nontraditional exports rose 15.7 percent from January to October compared to the same period in 1993. Nontraditional exports produced $3.2 billion; 66 percent of these sales correspond to the public sector, and the other 33.2 percent to public sector companies. Colombia is Venezuela's foremost trading partner followed by the United States. (Mexico City NOTIMEX in Spanish 2022 GMT 12 Nov 94)

The government decided to end the uncertainty surrounding Banco Andino by purchasing yesterday 73 percent of its shares for a symbolic price of 1 bolivar. The institution was facing a crisis due to the lack of liquidity, which demanded the recapitalization of approximately 5 billion bolivares. (Caracas EL UNIVERSAL in Spanish 12 Nov 94 Section 2 p 1)

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